

*Response to questions taken
on notice by St Vincent de Paul
on 28 August 2012, received
31 August 2012.*

St Vincent de Paul Society
Answers to Questions on Notice

Two questions were asked by Senator Siewert during the hearing at the inquiry into the adequacy of the allowance system held on Tuesday, 29 August 2012 in Canberra.

We provide answers to Senator Siewert's questions below:

Dr Falzon : Obviously there are whole issues of cultural sensitivity and, I suppose, reshaping the culture within the Department of Human Services so that the people who are being assisted are not considered to be third-class and not considered to be to blame for the position of poverty and exclusion they are in. But if I could make a very practical structural suggestion I would earnestly exhort the committee to look into the research done by Professor Bill Mitchell, from the University of Newcastle's Centre of Full Employment and Equity, into the concept of the job guarantee. The point he makes over and over again is that if we continue to set people up for failure, if we continue to send them to serial job interviews and to make serial applications, when we know in fact that they are not job ready, that they do not have the requisite training and that they do not have the requisite self-esteem, we are simply going through the motions of a heavily conditional and highly demanding system of compliance that leads nowhere except into further frustration and nonparticipation.

1. **Senator SIEWERT:** *Could you send us some references for those? You probably have the references in here, but I must admit I have not read all of your references.*

The best source of information about the concept of the job guarantee by Professor Mitchell can be found on the website of the Centre of Full Employment and Equity: http://e1.newcastle.edu.au/coffee/job_guarantee/JobGuarantee.cfm.

2. **Senator SIEWERT:** *Would you be able to provide us with the reference you quote by Eve Bodsworth?*

We note that all references to Eve Bodsworth in our written submission were referenced on pages 10 and 11. We are not sure which particular quote Senator Siewert was referring to so we attach a copy of the study by Eve Bodsworth "Making Work Pay and Making Income Support Work". We would be happy to provide further information on this point if required.

Please let us know if we could be of any further assistance to you.



Making work pay

and making income support work

Eve Bodsworth

March 2010



Brotherhood
of St Laurence

Working for an Australia free of poverty

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The author would like to thank Janet Taylor for her assistance in conducting a number of the interviews and for her guidance regarding the interview methodology and questions, and Dr Dina Bowman for her valuable feedback regarding the research report. Thanks also to Deborah Patterson for editing this report.

The author would also like to acknowledge the housing agency (which is not named to protect participant anonymity) and Centrelink who allowed us to display posters recruiting participants, and to the Brotherhood of St Laurence staff who also assisted with recruitment.

Finally, sincere thanks must go to the 44 individuals who gave their time to participate in this project. Their generosity and candour is greatly appreciated, and their own insight into the challenges they face daily in attempting to make work pay made this report easier to write. The author has sought to allow the participants' voices to remain present in the report as, in her opinion, they provide the most persuasive arguments for policy change.

Summary

With the Henry Tax Review in mind, this research began with the modest aim of documenting ways in which the tax and transfer system has created barriers against labour market entry for some unemployed people and sole parents through high effective marginal tax rates (EMTRs). What we found, however, through our in-depth interviews with 44 such people, was a far more complex, sometimes chaotic, pattern of incentives and disincentives which often fails to serve the best interests of these citizens. Our report calls for a wide-ranging overhaul of income support, housing and employment services to create a system that can indeed make the transition to work pay for some of the most disadvantaged members of our community.

The report exposes some serious structural flaws at the heart of Australia's income support system. It reveals a system still grounded in a false assumption of a labour market which effectively offers people a choice between unemployment and a full-time job, in which the latter is a guarantee of social inclusion. This world, however, vanished with globalisation and labour market deregulation. Today low-paid workers must deal with a labour market characterised more by job insecurity, high rates of casualisation and truncated career structures (Pocock 2009). Our welfare system has failed to adapt to this new economic environment. Moreover, it has failed to equip our most disadvantaged citizens to manage the manifold risks they face in engaging with these insecure forms of paid work.

We believe that this research is particularly significant for policy makers because it takes us behind many of the myths which have been created around the behaviours of our citizens on welfare. For example, why do many of the more disadvantaged income support recipients remain 'on the system' rather than taking on paid work? It is partly because if they take on work which is short-term or insecure they will likely face the penalty of 'falling off the system' and being forced to undergo the arduous process of reapplying for income support. Instead, they choose to stay on income support, despite this guaranteeing their ongoing poverty. In general, the research shows us a system in which inflexible rules surrounding income support, tax and public housing interact to create perverse outcomes, making paid work not only unattractive but simply not an option for many income support recipients.

Overwhelmingly the research reveals that people on income support have the same aspirations and goals in life as countless other Australians. What our study participants need and want is an income support system (and broader employment services) which can work with them towards these longer term goals and aspirations rather than just push them into dead-end work. Their goals include a desire for secure, ongoing work and for jobs 'with a future'. The study also shows that the current system inadequately recognises the care responsibilities and obligations of many, including single mothers, who are forced to manage care for their children around the demands of their paid work and the inflexible obligations of the income support system.

The research shows more generally that many recipients navigate the contradictions of an outdated income support system and attempt to make the best possible decisions about paid work in light of these contradictions. Indeed, in the current policy context, and given their personal circumstances, income support recipients are shown to make sensible and realistic decisions regarding engagement with paid work. These findings are in stark contrast with the stereotypes of welfare recipients as 'dependent on welfare' or incapable of making 'responsible' decisions, stereotypes which shape both public opinion and government policy. Furthermore, many income support recipients are engaged in paid work, and those who are not want to work, but they also want paid work to be 'worthwhile' and, like most Australians, to enable them to 'get ahead'.

The Making Work Pay study builds on previous research which identifies that single parents and Newstart Allowance recipients are affected by high effective marginal tax rates, which are thought to act as a powerful disincentive to return to work or increase hours of paid work, through the withdrawal of income support payments, concessions and rebates such as rebated public rents (Harding 2008). The present study provides a deeper understanding of the ways in which these financial incentives or disincentives are experienced by income support recipients and, importantly, the extent to which these factors and the other non-financial considerations influence actual decisions about paid work.

The report also provides real examples of the effects of ‘welfare locks’ for individuals and families on public housing waiting lists. Research by the Australian Housing and Urban Research Institute has found that welfare locks are created by the eligibility requirements for public housing, which require applicants to maintain their low incomes and income support recipient status in order to stay on the waiting list, thereby providing another powerful disincentive to look for or accept paid work during the waiting period (Dockery et al. 2008). The report includes stories from participants who are frustrated to find themselves trapped in such a way, wanting to work, but needing to house themselves and their family.

Following are our key findings and policy recommendations.

Key findings from the Making Work Pay study

Participants faced disincentives to paid work created by the income support system and weighed up both the financial and non-financial costs

Participants overwhelmingly considered paid work to be beneficial and desirable, and most of those who were not working wanted to find paid work in the short to medium-term future.

Money matters—the financial incentives and disincentives in the income support system—were important. Most participants were very aware of how earnings from paid work would affect their income support payments and many took this into account in considering working hours.

However, these financial effects were often considered alongside other factors such as care of children, non-financial benefits of paid work, previous experiences of paid work and housing issues.

Participants wanted to ensure that paid work was ‘worthwhile’. This involved weighing up the financial benefits of work with costs including loss of income support and concessions, costs of travel and of child care and other non-economic ‘costs’ including time away from children and the impact of work on their physical and mental health. Participants wanted to be ‘better off’ or to be able to ‘get ahead’ through paid work, and often felt that this was difficult to achieve, when all the costs were considered.

Newstart Allowance recipients

I want to be cut off the payment as quick as possible. Locked up at home with your elderly parents is shocking, it's not conducive to having a good time ... But to get back to work, even if it's just a bit over the Newstart, I'd rather do that.

Ian, 48-year-old man on Newstart Allowance. Qualified electrician, looking for work. Divorced, living with his parents¹.

¹ Pseudonyms have been used for all participants in the report.

Unemployed Newstart Allowance recipients who were not caring for children had a strong desire to find work. This was due to the very low Newstart payment, combined with the stigma and other negative effects of unemployment. These participants generally wanted ongoing work, preferably full-time work, which would enable them to leave income support altogether.

The unemployed people we spoke to often had difficulty paying the basic costs of accommodation and food with their Newstart payments. Some were experiencing homelessness and frequently relying on charities for food.

These participants did not identify the current withdrawal rate as a disincentive to work, but instead identified other barriers which made entry into paid work difficult, including age, physical and mental health issues, drug use and criminal record. Most also commented on the current economic climate and the high numbers of job seekers applying for low-skilled jobs.

Single parents

I think I can earn \$200 a fortnight without it affecting anything. I think, roughly thereabouts. It's really confusing. Every dollar thereafter, you lose so much out of your pension. So I either work within \$200 a fortnight or I go hell for leather and I just blow the whole thing out of the water and do like, you know, \$50,000-a-year job.

Mardie, single mother of two pre-school aged children. Living with her mother, looking for work. Considering reconciling with her estranged husband, partly so he could help look after the children while she worked.

Parenting Payment recipients and Newstart (principal carer) recipients were more likely to combine income support with part-time or casual work. They frequently 'did the maths' to work out the optimal number of hours of paid work in relation to their income support payments. Many of these parents were required by Centrelink to work 30 hours per fortnight, which could be difficult to achieve regularly. Some had refused additional hours offered by their employers because they would not be financially 'worthwhile' due to the reduction of income support payments. Many single parents, especially those on Newstart (principal carer), expressed frustration that they could not earn more before their payments were withdrawn, and most felt they were unable to 'get ahead' financially.

Participants stayed on the income support system to manage the risk of the low-paid labour market and often found income support rules inflexible.

There is a mismatch between the increasingly deregulated, 'flexible' and casualised labour market and the income support system which is still largely based on a model of total unemployment or full-time paid work.

Many of the participants used income support to manage the risks involved in the insecure, low-paid labour market, while others attempted to manage casual and part-time work around their unpaid care responsibilities. Dealing with risk and juggling other responsibilities were in many cases as important as financial and non-financial disincentives, in making decisions about paid work.

These participants all demanded greater flexibility *and* security from the income support system while navigating a labour market which frequently offered little of either, particularly for low-paid and often unskilled workers.

Newstart Allowance recipients

I wasn't on the dole then and I was relying on that [personal support assistant work] and sometimes I'd get one day a fortnight. And when you go to the dole and try and explain it to them ... you might wait three weeks for some more money and end up two weeks behind. Something's got to be done about the way they work at Centrelink ... See, I went off it for a while because there was no point in putting my form in, I thought, because I'm getting paid anyway so I'm not getting money off them ... Yeah it was good for a while, then, as I said, [I was only offered] one day a fortnight, I couldn't even pay the rent on that ... So I just said, 'Oh tell them to stuff it'. I'd rather be on the dole, at least I know I'm getting paid ... But when it's like that you think, 'What do I pay? Rent or food?'

Kyle, 21-year-old man on Newstart, living with his partner (on Parenting Payment Partnered) and 8-week-old son in private rental accommodation. Highest education level year 10 equivalent. History of cycling between work and income support. Looking for work.

The perceived security and 'permanence' of a job were more important than the pay offered for many participants, particularly for those who had experienced long-term unemployment or cycling between insecure employment and income support.

These people were concerned about the risk of losing a job or not being offered enough shifts. They identified the various waiting periods to go back onto Newstart Allowance as a serious disincentive to taking short-term or insecure work and also as a source of ongoing anxiety. Remaining on Newstart was, for these participants, a reasonable way of managing the risks at the 'bottom end' of the labour market which offered only insecure work, particularly for low-skilled workers.

Single parents

A number of single mothers in the study faced difficulty juggling hours they were required to work by Centrelink with other obligations, and those who had moved from Parenting Payment to Newstart Allowance (principal carer) due to their youngest child's age considered their new payment to be inappropriate for their role as parents.

The irony is, the bigger your children get, the more expensive their shoes are— you know? Please don't drop the amount I get given because as they get older the costs are greater. Soccer registration is \$90 and then you tell me that I can earn \$63 a week, out of \$450 a fortnight—I mean even the Parenting Payment was more. So all of a sudden you are dropped to Newstart, because you are 'long-term unemployed' and you are no longer 'parenting' and you are not a parent anymore, you are a 'job seeker' and you have to line up in the 'job seeker' queues. But I'm not a job seeker—I've got a job. And of course I want to contribute to my financial autonomy, but I want to work out what works the best. And my intention is that it's not going to be forever.

Zoë – 48-year-old divorced single mother of three children aged 17, 15 and 9 on Newstart Allowance (principal carer). Working part-time in retail.

Single mothers expressed frustration about Centrelink's rigid participation requirements of 30 hours paid work per fortnight, which they felt constrained the ways they could combine paid work with parenting. They wanted greater flexibility from both their employers and the income support system to allow them to best care for their children.

The single parents who were no longer eligible for Parenting Payment, but instead received Newstart Allowance (principal carer), expressed strong views about the differences between the two payments—both about the lower base rate (\$81.20 less per fortnight in late 2009), and

importantly, the amount they could earn before their income support was reduced. Many felt that their situation as primary carers of children was fundamentally different from that of job seekers looking for full-time work and that this ought to be recognised by the system.

Participants' housing circumstances directly affected their decisions regarding paid work

Housing circumstances clearly constrained and influenced decisions around paid work, and changes in employment status had flow-on effects on housing. The participants' stories also showed the interconnections between joblessness, the shortage of affordable private rental accommodation, homelessness and applications for public housing.

Despite receiving Rent Assistance, most Newstart Allowance recipients in the study found it extremely difficult to access affordable private rental accommodation. Those participants who were already renting often struggled to make their rent payments and were fearful of increases. Several participants on Newstart had previously been private renters but were now living with relatives or homeless, having defaulted on their rent payments. The insecurity, instability and high costs of private renting had led a number of participants to apply for public housing.

Participants who were on the waiting list for public housing were generally well aware that increasing their income from paid work could jeopardise their position on the list. This operated as a serious disincentive, significantly influencing their decisions regarding work.

For several participants, experiences of homelessness meant that securing ongoing housing was extremely important, and took priority over finding work. However, some people expressed frustration, as they also wanted to get paid work to increase their income and to pay off debts while awaiting the outcome of their public housing applications.

The scarcity of private rental property, insecure tenure and high private rents had affected many of the participants. Those who now lived in community, public or transitional housing but had previous experiences in private rental all placed as high a value on the security of tenure offered by social housing as on the lower rents. The rebated rent was also important as it changed with the tenants' circumstances: if they lost their job, their rent would be adjusted according to their reduced income.

To be honest, if I accepted a job, I would call [housing organisation] who own the transitional property, we've got someone there we can contact. But I think I'd be really careful not to work so much as to not go over that limit, but work as much as I could. It's sort of playing the system in a way—that you earn as much money as you can, without losing your benefits and that's pretty sad. It's not something I ever wanted to admit to, but it's just fact ... I don't want to go back to the caravan. But I want to work. I want to go out and be a night medical records clerk, which is something I've just recently applied for, and that's a really good job, and part of me goes, 'I would love that, that's a great opportunity', but the other part of me goes, 'If I get that, I'm going to lose some of my Centrelink benefits, I'm going to lose my housing, is it worth it?' But that's not really the attitude that I wanted to walk out with, but that's what I've got unfortunately.

Erin – 21-year-old woman with 15-month-old son, partnered. Recently homeless, living in transitional housing and on the waiting list for public housing.

Participants wanted greater support and assistance to find secure, ongoing work 'with a future'

I knew that unless, without assistance to get work, there wasn't much work available. It was just hard because I can't explain to employers what's going on, so basically what happens is ... that I get a job and do it for as long as I can before fatigue and that really sets in, and then ... it just crumbles because when I get to work I'll be just absolutely exhausted and they'd see that as, well obviously that I was lazy or, yeah.

Brad – 36-year-old man on Newstart Allowance. Suffers from medical problems which make it hard to sustain full-time work. Living in a squat, looking for work.

Participants' responses showed that they wanted assistance beyond simply addressing structural issues in the income support system and removing disincentives, particularly for highly disadvantaged job seekers.

Many expressed a need for greater support in finding work, 'on the job' training and work experience. Several of the more disadvantaged participants also required urgent assistance in dealing with mental illness, drugs and alcohol, and homelessness, which they felt needed to be addressed before they could realistically seek employment.

Even the most disadvantaged participants held positive attitudes to paid work. While some were not ready to immediately start work, this was related not to a negative view of work itself, but to concerns about the risks of insecure work, personal barriers and prioritising secure housing over employment.

Younger participants wanted jobs 'with a future' and were frustrated with being pushed into full-time work which offered limited employment progression. Many single mother participants also had clear longer term employment goals, but felt that the assistance offered by employment service providers and Centrelink emphasised taking any job and was not related to their aspirations.

Policy recommendations

This research makes clear the complex ways in which different policies and the structure of the labour market can interact to create barriers and disincentives to paid work for income support recipients. The following recommendations focus on key policy areas that could assist these groups of income support recipients to make work pay. The recommendations also suggest a 'rebalancing' of the system, with less emphasis on punitive measures to force people to work and more emphasis on financial incentives and assistance to return to work. It is also acknowledged, however, that for some people a full-time, permanent connection to the labour market will be difficult to establish and maintain. This must be recognised by the income support system, while still creating incentives and opportunities for people to engage in some paid work.

Increase incentives for paid work, through changes to the income support system

- The complex and ad hoc system of pensions and allowances should be replaced with a single working age payment with top-ups for differing needs including those of sole parents, families with children, people with disabilities, people living alone, and people in insecure housing.
- The Newstart Allowance base payment (or the new base payment, as proposed above, for single unemployed individuals, including those currently on Youth Allowance) should be increased by \$30 a week to provide better quality of life, particularly for those who are

long-term unemployed. Increasing the base payment would assist Newstart recipients to focus on looking for work instead of being preoccupied with meeting food and housing needs on the current inadequate Newstart payment.

- The withdrawal rates for Newstart Allowance should be reduced to 40 cents in the dollar for fortnightly earnings between \$62 and \$250 and 50 cents in the dollar for fortnightly earnings in excess of \$250 (compared with the current reductions of 50 cents and 60 cents in the dollar respectively). This would provide greater incentives to work for those people more likely to combine ongoing income support receipt with casual or part-time paid work and for longer term unemployed Newstart allowees.
- Single parents on Newstart Allowance (principal carer) should be entitled to earn up to \$166 per fortnight before their payment is affected (bringing it into line with Parenting Payment). The rate at which the payment is then withdrawn should be 40 cents in the dollar, the same rate as for the Parenting Payment. These changes would recognise that many will combine part-time work with income support for a time, particularly while their children are young, and enable these families to ‘get ahead’ financially.
- Greater incentives to work could also be provided for longer term unemployed income support recipients by extending the Working Credit system. At present, unemployed job seekers can accumulate up to 1000 credits if they earn less than \$48 per fortnight (for example, a person who has no paid work receives 48 credits, and another who does earn \$40 in a fortnight receives 8 credits). Once the person commences paid work, these credits effectively extend the amount which can be earned before their income support is reduced, with one credit equal to \$1. The maximum credits able to be accumulated should be increased to 2000. This would enable longer term unemployed income support recipients who take a job to ‘get ahead’ financially by retaining greater benefit longer after entering paid work. The Working Credit system should also be more widely advertised among eligible groups.

<p>Provide greater security <i>and</i> flexibility for income support recipients to engage in paid work</p>
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- Greater security should be provided by allowing all income support recipients to remain ‘on the system’ for 12 months after commencing paid work, despite receiving zero payments. Income reporting should generally be required only quarterly after the first 12 weeks of this period, to reduce the burden of regular reporting. For individuals with a long history of cycling between casual work and income support, a longer period on the system may be appropriate. People who become unemployed again within this period would not have to go through an onerous re-application process and would not be subject to the ordinary waiting period.
- At present, a Centrelink payment can be withheld for 8 weeks if it is determined that the income support recipient became unemployed due to a ‘voluntary act’. This policy should be abandoned because of the working conditions in low-skilled jobs, which are frequently both arduous and tenuous. Such work may involve unreasonable demands from employers, though these may not fall within the categories presently considered to be ‘reasonable’ reasons for leaving a job by Centrelink staff (i.e. sexual harassment, bullying, unsafe work conditions). These punitive sanctions, which can serve as a disincentive to taking up paid work, should be removed, and greater support should instead be provided for people

engaged in insecure, casual, low-skilled work, with a view to assisting entry into ongoing, secure employment with prospects for progression.

- Income support recipients entering paid work should be able to retain their Health Care Card or Pension Card for 12 months after job entry, in order to retain valuable concessions for health care, transport, recreation and other payments.
- Participation requirements of 30 hours per fortnight for single parents whose children are older than 6 years should be calculated quarterly, allowing these parents to work more during some periods and less in others without failing their participation requirements. This would allow greater flexibility, particularly in jobs which do not offer guaranteed hours but are likely to 'even out' across a longer time span.
- Alternatively, in addition to the Working Credit system which allows income support recipients to 'bank' income, single parents and others subject to similar participation requirements should be allowed to 'bank' hours worked in excess of 30 hours a fortnight. Single parents could increase their hours when filling in for co-workers on leave or during busy periods, and then use their 'banked' hours to work fewer hours during other times such as school holidays. This flexibility would recognise that single parents experience time pressure, in addition to income pressure, and would also enable them to take on positions with irregular hours but averaging 30 hours a fortnight over a greater period.
- Centrelink should examine ways to make income reporting requirements more flexible for income support recipients engaged in intermittent work, including freelance workers and performers.

Remove key disincentives to work from housing policy

- Extend 'grace periods' or rent moratoriums to 6 months for all public housing tenants who enter paid work, regardless of when this occurs. (Currently rents are assessed biannually, which means the length of the grace period received by a tenant in effect depends on the date they take up paid work or increase hours.)
- Examine ways to remove 'welfare locks' for applicants on the public housing waiting list. One option would involve maintaining initial eligibility criteria, but then relaxing the income requirements while an applicant remains on the waiting list. When granted a tenancy, the person's rent would be based upon their increased income.
- While outside the scope of this study, broader structural issues regarding housing clearly emerged as major concerns of the participants. Ways of increasing security of tenure for private renters and providing affordable and well located housing for people on low incomes must be examined².

Assist and support unemployed income support recipients to find secure, meaningful work

As employment assistance and support were not the focus of the Making Work Pay study, no specific policy recommendations have been made. However, many participants did raise concerns regarding the type and level of support they were receiving from Centrelink and their employment

²These issues are explored in more detail in the recent report commissioned by the Brotherhood of St Laurence regarding tax expenditures and housing (Yates 2009).

service providers, highlighting that incentives to work cannot be considered in isolation from policies which assist and support job seekers, particularly those facing significant personal barriers. Support must also go beyond simply moving people into work. Many unemployed participants in this study had previous experiences of cycling between low-end jobs and income support. These citizens require greater support and opportunities to break out of the work–welfare cycle. Recognising the past employment experiences and future aspirations of job seekers could provide better long-term employment outcomes for all unemployed income support recipients.

Call to action

It is clear that participants in this study wanted to work and wanted policies which would make the path to paid work straightforward, worthwhile, secure *and* flexible. Our research not only highlights the flaws and inconsistencies of the current income support system but makes a clear case for change. These recommendations recognise the complexity of people’s decisions about paid work and move towards a system which works with income support recipients towards common goals and aspirations.

1 Introduction

The Making Work Pay study set out to examine ways in which the tax and transfer system has created barriers against labour market entry for some unemployed people and sole parents through the operation of effective marginal tax rates (EMTRs) in light of the Henry Tax Review. However, the findings reveal a far more complex and sometimes chaotic pattern of incentives and disincentives which make decisions around entry into the labour market even more challenging for the most disadvantaged members of our community. In addition, the study shows that there are broader problems with the income support system, making it difficult for some people to take risks to move into work, and constraining others by failing to offer the flexibility they need.

The literature review (Chapter 2) examines recent economic research about the impacts of effective marginal tax rates on income support recipients, as well as qualitative research regarding factors influencing people's decisions about paid work, revealing a lack of similar research in the Australian context. This study therefore set out to fill this gap, by conducting in-depth interviews with single mothers and unemployed income support recipients. The aim was to better understand the barriers faced by these people, the financial and non-financial implications of returning to work, their expectations about economic participation, and what would make paid work more worthwhile (see Chapter 3).

Chapter 4 shows the ways in which participants weighed up financial and non-financial costs of commencing paid work, and considered the effect that income from paid work would have on their income support payments.

Chapter 5 shows how disadvantaged job seekers on Newstart were found to be managing the risks of the low-paid labour market by choosing to 'stay on the system', rather than face the prospect of taking a short-term job and then having to reapply for income support. This chapter also shows that some other workers wanted greater flexibility from Centrelink, particularly for reporting fluctuating income from intermittent work. Notwithstanding these frustrations and contradictions, the vast majority of participants recognised various non-financial benefits of paid work, and those who were not working hoped to do so in the short to medium-term future, as set out in Chapter 6.

However, participants also revealed concerns about the types of work they felt they were being pushed into by employment services and Centrelink. Chapter 7 shows that participants wanted to find secure, meaningful paid work which offered some career progression, but often felt that their aspirations were ignored. Chapter 8 examines some of the additional personal barriers experienced by some participants trying to find paid work, including drug and alcohol problems, health concerns and criminal records.

Chapter 9 shows the difficulties faced by single mothers attempting to juggle care for their children, compliance with welfare obligations and paid work, and again highlights the need for greater flexibility in the income support system. Chapter 10 highlights the interaction between housing insecurity and employment decisions, showing how housing policy, particularly public housing waiting lists, can constrain job seekers.

The final chapter draws together the main themes running through this Report, and proposes policy recommendations to address some key challenges, including the need for overhaul of the income support system to remove financial disincentives and provide more generous incentives; to increase security for disadvantaged job seekers enabling them to take risks; and to provide greater flexibility for carers to combine paid work, care work and welfare compliance.

2 Literature review

Effective marginal tax rates

The interaction of income support payments and concessions with income from paid work is complex. Not only does the personal income tax rate schedule hide the complications of a number of tax offsets and rebates—including the phasing-in of the Medicare levy and the phasing-out of the Low Income Tax Offset (LITO) and the Senior Australians Tax Offset (SATO)—but the tax and benefit systems further interact to impact upon workforce participation and decisions regarding hours of paid work.

There has been a body of economic research highlighting the impacts of effective marginal tax rates (EMTRs) especially in creating powerful disincentives to enter or increase paid work for income support recipients and low-income earners (Harding 2008, pp.9–10; Harding et al. 2006, 2008). In Australia, families earning 60 to 70 per cent of average earnings can face EMTRs of over 80 per cent, a rate far higher than the top marginal income tax rate (Whiteford 2009). Income support recipients face high EMTRs of over 50 per cent if they gain some paid employment, due to the withdrawal of income support payments combined with the interaction of various facets of the tax system including the Medicare levy and the LITO (Harding 2008).

These disincentives are compounded by the different indexation of pensions and allowances and the withdrawal of concessions. Pensions such as the Disability Support Pension and Parenting Payment Single are indexed to male total average weekly earnings (MTAWE), while allowances such as Newstart Allowance are indexed to the consumer price index (CPI). As wages typically grow faster than prices, rates of payment diverge over time. This creates an even greater disincentive for people on the higher pension payments to re-enter the workforce, in the fear that if they find themselves again in need of income support, they would have to claim the lower allowance. In addition, individuals and families moving from income support into employment face the prospect of losing their eligibility for the Pensioner Concession Card or Health Care Card which entitle them to cheaper medicines and concessions (varying across states) for utilities, health, transport and education.

Harding and colleagues' analysis of the impact of Welfare to Work reforms which moved single parents off Parenting Payment onto Newstart Allowance when their youngest child turned eight highlights the difference between the base payments and income tests and notes that this gap between base payments will increase over time due to the differing indexing arrangements. They show that in 2006 a single parent with one child with around \$230 per week of private earnings would lose just under \$100 a week upon being transferred from Parenting Payment to Newstart due to the combined effect of lower base payments and less generous income tests. This reduction in income was higher for those with more children. The corresponding changes to withdrawal rates would result in an EMTR of over 65 per cent for lone parents on Newstart Allowance and over 80 per cent for those living in public housing, clearly reducing the overall attractiveness of paid work for lone parents (Harding, Vu & Percival 2005).

The increased EMTRs for individuals and families living in public housing are due to the combination of the withdrawal of income support with the increased rent as wage income increases, as rents are calculated as a proportion of income up to a market rent cap. The combined effects of very high EMTRs, the withdrawal of the Health Care Card and other concessions and increasing rent are thought to act as a powerful disincentive for a public tenants moving from welfare to work or increasing hours of work.

For households with children, means-tested family assistance adds another layer. Single parent and single-income, partnered families are able to claim Family Tax Benefit B (FTB-B). In addition, there is a complex array of benefits available for child care through the Child Care Benefit, the Child Care Tax Rebate and JET Child Care Fee Assistance and other tax deductions. As all of these payments are means-tested, their withdrawal adds to the EMTRs of families. Slower taper rates over recent years have reduced this effect, but at the cost of providing more assistance to wealthier families who have less need of support.

Another factor thought to create disincentives to paid work is the setting of high ‘reservation wages’ by job seekers and those not engaged in the labour market. A reservation wage is the minimum amount nominated by a job seeker for which they would be prepared to take on a particular job. An individual’s ability to estimate the minimum wage they need to accept an offer of work will clearly affect the effectiveness of any employment incentives provided through adjustments to the tax and benefit system. Responding to the argument that income support recipients set unrealistically high reservation wages, research by Matthew Gray and Jennifer Renda (2006) indicates that this is not the case for lone and couple mothers, and that in fact the reservation wages set by this group were lower than what they could expect to be paid in the labour market, suggesting that their below-average employment rate is not explained by unrealistic wage expectations. Heath and Swann (1999), who examined data from the mid 1990s, found that most unemployed people were prepared to accept full-time jobs offering low wages, even below minimum wage, and that the main reason for continuing unemployment related to the limited number of job offers received by the unemployed sample rather than a rejection of low-paid work.

While the analysis of EMTRs measures how various policies can interact to create unintended structural disincentives to gain employment or increased hours, it tends to focus narrowly on financial dimensions. An underlying assumption is that financial issues are the primary influences on the decisions and behaviour of income support recipients in relation to paid work. Further, the methodologies often involve abstract modelling based upon generalised characteristics of income support recipients (Harding et al. 2006, p.6). While such models provide estimates regarding the impact of key income tax, social security, family payment provisions, Medicare and health insurance tax liabilities and Commonwealth Rent Assistance, they cannot take into account factors such as additional costs associated with employment or increasing work hours (Harding et al. 2006, p.8).

Qualitative research regarding decisions about paid work

Previous qualitative research exploring the experiences, attitudes and behaviour of low-income families indicates that income support recipients generally have a positive attitude to work, but that non-workers often face barriers and deterrents to engaging in paid work. In addition, for some income support recipients, other aspects of their lives take a higher priority than paid work at certain times, particularly when care of children is involved (Stephenson 2001).

Paid work has widespread importance for individual identity and psychological wellbeing and, conversely, the negative social, psychological and financial implications of receiving income support itself provides an incentive to work. Stephenson’s study (2001), commissioned by the UK Department of Social Security, found that the *main* incentive to gain or increase paid work is generally financial. Income support recipients want to be financially better off in work than out of work, while taking into account increased costs associated with entering the workforce. Almost all participants also reported social and psychological incentives for paid work, which they saw as providing an opportunity to ‘get out of the house’ and to socialise as well as fostering confidence and

a sense of independence (Stephenson 2001, p.8). Positive feelings toward work were partly created by negative experiences—due to the perceived low social value attributed to incomes support recipients and also the low-income afforded by income support (Stephenson 2001, pp.9–10).

In assessing whether they would be ‘better off’ in work, most out of work participants took into account increased outgoings they would face, and some expressed a desire to have not only an increased income but also a noticeably improved standard of living once employed. Participants also balanced the financial rewards from paid work against the physical effort and time required. This was particularly so for single parents bearing the entire burden of the unpaid domestic work in their households. More recent British research by the Centre for Analysis of Social Exclusion (Burchardt 2008) highlights the interplay between time use and economic factors in decision making about paid work, particularly for carers and those on low incomes, and examines the ways in which social policies further enable or constrain the choices of families and individuals.

Insecurity and flexibility

There is an increasing academic interest in the impact of the deregulation and casualisation of the labour market upon low-income workers and job seekers. The more recent focus has emerged in welfare literature about issues of insecurity and flexibility. This literature highlights the need for greater security to be provided through income support systems, given the greater flexibility afforded to employers in the labour market, and the corresponding insecurity experienced by workers, particularly low-paid and unskilled workers (see for example, Wilthagan & Tros 2004). There is little empirical research regarding how these effects are experienced. Recent work by Helen Masterman-Smith and Barbara Pocock (2008) provides an insight into the experiences of different groups of low-paid workers in Australia, but does not focus on the intersection between income support and low-paid work or the specific issues of flexibility and security.

Further, while the demand for greater flexibility for workers, particularly those combining paid work with caring work, is an area of increasing research interest (see, for example, Pocock 2006), the needs of low-income households such as single parents and those on income support are often incidental. There is little research looking at the ways in which work, care *and* welfare compliance intersect to affect the decisions of these parents around paid work and care.

Housing assistance and work decisions

Recent research by the Australian Housing and Urban Research Institute has examined the interaction between housing assistance and economic participation in paid work (Dockery et al. 2008a). This research investigated ‘How do housing assistance programs impact on economic participation outcomes, once we control for the mediating effects that intermediary variables such as ‘health’ and ‘neighbourhood’ have on economic participation outcomes?’ (p.2), using a combination of quantitative analysis and qualitative interviews with 105 housing assistance recipients.

The research considered two key housing assistance programs in Australia—public housing and Commonwealth Rent Assistance (CRA)—and focused on the extent to which they contribute to the creation of poverty and unemployment traps. Poverty traps arise when workers make an incremental change in their hours of work, but lose most of the additional earnings through taxes and withdrawal of income support payments. Unemployment traps affect income support recipients who are not working, for whom the financial rewards of commencing paid work are diminished by taxes and lost or reduced income support payments. Dockery et al. found that income support recipients who received housing assistance generally experienced ‘deeper’ poverty and unemployment traps than did

other income support recipients, and that employed low-income singles and couples without children in receipt of CRA were caught in poverty traps (and even at higher income levels) because they were subject to the high taper rates of Newstart or Youth Allowance (70 per cent in 2002).

The incidence of unemployment traps for non-working housing assistance recipients has also increased, particularly for public housing tenants whose rents are linked to income, due to the 'multiple stacking' of tax schedules and the tapering of payments such as Newstart and Youth Allowance, with allowances generally creating higher EMTRs than the more generous pensions.

In addition, Dockery et al. (2008b) reveal the existence of 'welfare locks' for individuals and families on public housing waiting lists. These occur when individuals and families are locked into income support and low incomes while waiting for public housing to become available because income eligibility tests apply not only at the point of application, but until people are allocated housing. Earnings from employment while waiting for public housing to become available can threaten an applicant's position in the queue and therefore provides a disincentive to look for, or accept, work during the waiting period, which in some instances can be years (Dockery et al. 2008b). Further, male employment rates improve by as much as 12 percentage points *after* people's transition into public housing, a gain which the researchers attribute mostly to the effect of welfare locks rather than the positive benefits of housing stability, though the latter cannot be entirely discounted (Dockery et al. 2008a).

The Dockery in-depth interviews revealed that the financial incentives and disincentives were not the only bases for participants' employment, housing and life decisions. Such decisions were found to be also shaped by cultural values and the logistics of day-to-day living. In addition, many of the interviewees faced significant and often insurmountable barriers to entering paid work, such as mental and physical health problems, caring for children and other family members, their location and access to transport and housing issues. Mothers' decisions regarding paid work were found to reflect the gendered nature of employment and income support: they took into account practical problems of combining paid work and mothering, particularly arranging care for children before, during and after school hours, during school holidays and during periods of sickness. Overall, the costs, both financial and emotional, often outweighed the benefits. Further, many housing assistance recipients provided personal stories of fractured and unstable employment along with a similarly disjointed housing history (Dockery et al. 2008a). For some, entry into public housing provided sufficient security and stability to settle their families and, after a time, concentrate on finding paid work, in contrast to the private renters who remained concerned about their insecure housing. However, for other public housing tenants, living in areas which were heavily stigmatised, especially those identified as areas of public housing, created a barrier to gaining paid work, and some wished to move out of public housing into private rental in order to gain more control over their housing circumstances, including the 'type' of neighbourhood in which they lived.

Employment assistance and activation

Considerable research looks at the barriers faced by disadvantaged job seekers in attempting to gain paid work. The existence of such barriers highlights the need for assistance beyond removal of financial disincentives or increased flexibility and security, if many are to meaningfully engage in the labour market. These include individual barriers related to human capital such as skills, education and work experience; structural barriers such as child care, transport and availability of jobs; and personal barriers such as disabilities and health problems, mental health problems, substance abuse problems, children with health or behavioural issues, domestic violence and housing instability (Perkins 2007; Pocock 2003).

3 Research method and sample

Research questions

In light of existing literature, this study set out to address the following questions:

- What are the financial implications of returning to work for particular groups of income support recipients?
 - How do they assess or measure these implications?
 - Where do they obtain information or advice regarding the financial implications?
- Do the financial outcomes of entering work create barriers or disincentives to entering employment?
- Are there other factors which prevent entry into paid work or make it difficult?
- What social values and expectations do participants hold about economic participation relative to other aspects of their lives, and how important is income in this context?
- How important are the financial barriers to entering paid work, in relation to other factors including non-financial barriers and moral rationalities contrary to participation in paid work?
- What measures would be needed to make it more worthwhile or easier to enter the work force?

Method

Forty-four semi-structured interviews were conducted with income support recipients receiving either Newstart Allowance or Parenting Payment over the period from June to August 2009. The participants were recruited through advertisements placed in three Centrelink offices in Melbourne and in two offices of a housing support service. Several participants were recruited through their involvement in a Brotherhood of St Laurence program. All participants were assured that their interviews were confidential and that their identity would remain anonymous. They were also assured that their involvement in the study would not affect their relationship with or entitlement to services from Centrelink, the housing service or the Brotherhood of St Laurence in any way. During the interview period, on 1 July 2009, the Federal Government created Jobs Services Australia to replace the Job Network. Most participants were waiting at the time of their interviews for appointments with their new employment service providers so their comments generally refer to experiences of the Job Network. For consistency, this report refers more generally to 'employment services' to describe both Job Network agencies and the new Job Services Australia, as it is felt that the observations made in this report would apply to both.

Semi-structured interviews lasting around one hour were conducted with each participant. The majority of the interviews were conducted at the Brotherhood of St Laurence head office, with some at the outer south-eastern offices of the housing service and one in the participant's home. All participants were given \$35 in cash to thank them for taking part and to compensate them for their time. An interview schedule was used, but participants were encouraged to tell their own stories in their own words, with prompting from the schedule to ensure coverage of key questions. At the end of their interviews, participants were also asked a number of questions relating to time on income support, educational background and their income and expenses.

The interviews were all recorded and transcribed. A close reading and thematic analysis was carried out. The key themes form the basis for the structure of this report.

The sample

Forty-four Parenting Payment and Newstart Allowance recipients were interviewed. To maintain confidentiality and anonymity, the participants were all given pseudonyms and some details changed or removed (see the Appendix for a list of the participants).

Some 21 of the participants were lone parents, 3 were partnered parents and 20 did not have dependent children in their care; however it is difficult to divide the groups clearly between single parents and job seekers, as some Newstart Allowance recipients were involved in shared care of their children with former partners and some of the single parents were also job seekers. The single parents were predominantly mothers in receipt of Parenting Payment Single, but also included three women who were receiving Newstart Allowance (principal carer) and two who had moved onto Newstart Allowance from Parenting Payment due to their youngest child having turned 16. Several male Newstart Allowance recipients were also single parents involved in shared care arrangements or in less frequent contact with their children. There were also three participants receiving Parenting Payment Partnered. One couple (interviewed individually) had been in receipt of Parenting Payment Partnered and Newstart Allowance but on the day of their interview had been allowed by Centrelink to change payments. They are counted by their previous payment types which rendered them eligible to participate in the study.

In terms of employment, the sample included income support recipients who were not working but looking for work (27), and others who were combining part-time or casual work with income support receipt (16). This latter group were mainly lone parents but also included two single Newstart Allowance recipients who had been assessed as having a reduced capacity to work. One participant was receiving Parenting Payment Partnered, and with four children under the age of seven was not required to work by Centrelink and was not interested in looking for work until her children were all at school. Table 3.1 shows income support type.

Table 3.1 Income support type (N=44)

	Parenting Payment Single (PPS)	Parenting Payment Partnered (PPP)	Newstart Allowance (principal carer) (NSA – PC)	Newstart Allowance (previously PPS, youngest turned 16) (NSA – 16)	Newstart Allowance (NSA)
Number	16	3	3	2	20

As Table 3.2 shows, the largest groups of participants were tenants (private or public) or living in their own home while a smaller group were living in crisis housing or squatting.

Table 3.2 Housing status (by payment type)

	Own home	Private rental tenant	Transitional /crisis housing	Public housing tenant	Community housing tenant	Living with parents	Homeless (squatting)	Boarding house
PPS	5	8	0	1	1	1	0	0
PPP	0	0	2	1	0	0	0	0
NSA (PC)	1	0	0	1	0	0	0	0
NSA (16)	2	0	0	0	0	0	0	0
NSA	5	5	4	0	0	3	2	2
Total	13	13	6	3	1	4	2	2

Both the interviewees living in boarding houses had previously been homeless and living in crisis accommodation; and both were planning to leave their boarding house, one to stay one a friend's couch, and the other to resume sleeping in his car. One Newstart Allowance recipient had inherited the family home but had not declared this to Centrelink as he was worried it would affect his income support payments.

4 Work incentives, disincentives and costs

Decisions about commencing or increasing paid work

One of the main reasons for conducting this research was to gain a deeper, richer insight into how income support recipients make decisions about paid work. The research participants included some who were looking for work (predominantly Newstart Allowance recipients), and others who were already engaged in part-time work (predominantly those caring for children).

'Doing the maths'

Tricia: But certainly every time I look at work, when I look at the jobs out there, I sit down and quite often I do the maths.

Almost all participants had made some sort of financial assessment about the income from a potential job and the impact it might have on their welfare payments. Some made an explicit cost–benefit calculation, others made a more ambiguous assessment of financial benefits, and others still considered that the benefits of work would outweigh any financial costs, regardless of whether this was actually the case. In addition, many participants also weighed up non-financial costs of employment such as spending less time with their children or the risk to their health and wellbeing. While each participant gave a different weight to different financial and non-financial factors, these deliberations were commonly expressed in terms of assessing the 'worthwhile-ness' of a job or increased hours of paid work. The overarching concern of most participants was not simply about income, but about whether additional work was worthwhile when balanced against the associated financial costs *and* non-financial costs. These costs were also often related to the physical effort and time required, particularly if the job took away from time and energy available for children.

Unemployed interviewees relying solely on Newstart Allowance were more likely to see any financial gain from paid work as a positive outcome, with almost all expressing a view that it was virtually impossible to make ends meet on Newstart Allowance alone. Their view contrasts with the views of interviewees who were currently doing some paid work. Most of the latter group were single parents working part-time and receiving income support payments to supplement their income. Many had already worked out the 'optimal' number of hours they needed to work to maximise their total income and manage their unpaid care work. These participants therefore expressed a desire to be significantly better off if they were going to increase their current hours of paid work or work full-time, notwithstanding that many wished to increase their income. For most, the time–money trade-off was simply not worth it and they chose to combine shorter hours of work with parenting even though this kept them in relative poverty. However most single parents differentiated between the paid work they were prepared to do in the immediate future and their longer term work aspirations, usually based on the age of their children. For some single parents, these future goals also had an impact on their current decision making about work.

Unemployed job seekers in receipt of Newstart Allowance

'I want to be cut off the payment as quickly as possible'

For most of the unemployed participants receiving Newstart Allowance who were not principal carers of children, finding full-time work was their ultimate goal. These participants wanted to find on-going work that would enable them to move off income support altogether. All of these participants expressed the view that living on Newstart Allowance was neither desirable nor

feasible for the longer term. The difficulties they faced managing on the extremely low payment, combined with the negative psychological and social effects of unemployment, were the main motivators for this cohort to find paid work. There was a general sentiment that Newstart Allowance was so low that any full-time work would always make them financially better off.

Those who had lost their jobs in the previous 12 to 18 months expressed the strongest desire to get a job and cease receiving Newstart. Tamara, a single woman in her early forties, had resigned from her job in the finance sector due to stress, and had since been working in temporary positions while trying to find a permanent job. When asked if she was doing a calculation regarding how much she could earn before she would lose her Newstart Allowance altogether, she responded:

Tamara: No, not at all, because Newstart is just not enough for me to live on. It's just provided—what I'm grateful for is that when the work dropped out, I could still pay the rent, I had a roof over my head, thank god, and it doesn't cover much more.

Ian, a single man in his late forties, who had been a well-paid qualified electrician before losing his job due to illness, similarly stated that he just wanted to be working again:

Ian: I want to be cut off the payment as quick as possible. Locked up at home with your elderly parents is shocking, it's not conducive to having a good time ... But to get back to work, even if it's just a bit over the Newstart, I'd rather do that.

When asked if future paid work would affect their income support payment, most unemployed Newstart Allowance recipients assumed that future paid work would be full-time, and that they would therefore always be better off working full-time than receiving Newstart Allowance. This assumption meant that the Newstart Allowance recipients rarely calculated the additional costs associated with paid work, regardless of how likely they were to actually find full-time work. When asked how a particular job would affect his Newstart Allowance, Nick, a 32-year-old whose job history involved mainly casual, short-term jobs followed by a lengthy period of unemployment, combined with problems related to drug addiction, replied:

Nick: Yeah, well it will affect it, but I mean the sum of that is that I should be earning two or three times as much, even on minimum wage, than I would be on NSA, so that's cool.

The loss of concessions, particularly those associated with the Health Care Card, rather than the loss of the allowance itself, seemed to cause the greatest concern for many of the unemployed Newstart Allowance recipients, although it was not enough to deter them from looking for work:

Andrew: Well I'd be paying a lot more for rent and I'd have to pay for doctor's visits as well, I presume. In fact, there's a lot of things you'd have to pay more for. Electricity and gas you get a concession if you've got a Health Care Card, so I'd be paying a lot more. You'd have to weigh up once your employment, what's it cost to live, but it'd have to be better, surely, it couldn't be as bad as being in Newstart. I don't know how anybody survives on welfare. I can't see how anybody can, there's just not enough money there.

'Reservation wages'

Rather than simply asking them to nominate the minimum wages they would accept, this study allowed participants to expand upon their answers regarding reservation wages. Many participants explained that there was in fact no simple answer. Even though the vast majority of unemployed Newstart Allowance recipients interviewed expressed a strong desire to find ongoing work, they were not necessarily prepared to take just any kind of job. Further, the minimum wages that the

participants were prepared to accept were often not based on a simple calculation but involved other factors such as the type of work on offer, including the physical burden, and the conditions, particularly hours of work and whether the job was likely to be long or short-term. In addition, the responses varied between long and short-term unemployed and also with people's employment histories including previous earnings and level of education.

Consistent with other research (see, for example, Gray & Renda 2006), the job seeker participants did not nominate unrealistically high reservation wages, and a number nominated amounts which were below minimum wage or simply stated that they would take whatever they could get. The last group often described themselves as 'desperate' for work, but also commented on the broader economic climate and described the labour market as one which provided job seekers with no wage bargaining power.

Maria, an older job seeker who had spent the last five years working in temporary administration jobs through an agency while continually searching for permanent work, was prepared to accept minimum wage, but only for an ongoing job:

Maria: Oh no, I will just accept it; you cannot dictate what you want any more ... if it's a permanent job, if it's higher than Centrelink, then I will accept it. If its minimum wage, that's all right. As long as it's permanent. That's more important than queuing at Centrelink.

Brad, a 36-year-old man living in a squat, also indicated that he would take whatever work he could find regardless of the wage, but if it was very low he would keep looking for better-paid work. Brad said that he would like to earn at least \$15 an hour, an amount just above the minimum wage (\$14.31 per hour or \$543.78 per week for full-time work in July 2009):

Brad: I'm craving to work, so I don't think money ... oh it would be nice to get money if I did get a job but, no I'm ...

Interviewer: Just be getting the job that matters? Is there a minimum level of wage you'd accept?

Brad: Yeah, oh well, I can't afford to be choosy at the moment but I would like to at least earn \$15 an hour, but as I said, I'm not in the position to ... I'd just have to take whatever's available I suppose, until I could find something that did pay more.

Although most Newstart Allowance recipients wanted to find work which would render them ineligible for Newstart altogether, many spoke about the type of work, the distance of travel to and from work, the level of physical labour and the hours, particularly if night shift work was required. The jobs with the greatest perceived burdens, such as hazardous work, unsociable hours or significant travel time, would need to offer greater financial rewards. Conversely, if the type of job offered longer term benefits, such as the ability to remain in a preferred industry, or a secure career path, participants were more likely to indicate they would accept a lower income. Thus the *type* of work was a significant factor in almost all the interviewees' decisions about employment, in addition to the pay.

Carl, a long-term unemployed man in his early 30s calculated that he would want to earn \$100 a day. When asked how he arrived at that amount, he indicated that this was the minimum he would need to cover his costs of going to work, but would be prepared to do work which he perceived to be less onerous and more enjoyable for lower pay:

Carl: I just wouldn't be happy to work for less than—I'm just looking at it per day. If I'm going in to work for that day, that'd pay for the roof over my head that night, I've got to pay for my lunch, pack of cigarettes, some coffee. But at the same way, if it was looking at a labouring job, if it was something a bit more—let's say if I was working in a skate shop, I'd be happy to sit there for [less] an hour.

Similarly, Kyle based the minimum income he would accept on the type of work and the physical effort involved, but was prepared to work for less if he was offered an apprenticeship or traineeship, which would involve 'easier' work and also provide skills and better long-term job prospects. In addition, he related his reservation wage to his previous work in a smallgoods factory. Both the daily and weekly amounts nominated by Kyle were actually below the minimum wage.

Kyle: I won't get out of bed for less than \$500 a week for 40 hours if I'm expected to work hard. That would only be for a general labouring position. If I was to be offered a traineeship or an apprenticeship, I'd be quite happy to go to work for maybe a smidge more than \$400 a week. But if someone was to say to me, 'Look I've got a job as a concreter', I wouldn't even entertain the idea for less than \$500. I wouldn't get out of bed.

Interviewer: But you were saying you were mostly getting more like \$600?

Kyle: Yeah, I typically get about \$600.

Interviewer: Like how do you come up with the different amounts for what you'd take?

Kyle: Well I'll give you an example, when I worked in [rural Victoria] for [smallgoods manufacturer], I was doing 50 hours a week and for those whole 50 hours it was going hammer and tong. One minute I'd be in a smokehouse, next minute I'd be in a freezer swinging on a hose. You take into account those conditions and the fact that you've got to swap from hot to cold and you've got to push a trolley that weighs a tonne on your own from one end of a factory to another, I think that's quite an exorbitant [sic], you know, it's a job with quite a lot of effort. I think that you should get paid more for that. Whereas as an apprentice, you're expected to do really simple stuff like sweep floors, or wash tools or wash parts, the really basic, really mundane stuff. So you can't expect an exorbitant amount of money. Whereas when you go into your labouring, there's a lot more work so you should be paid a lot more.

For the small number of job-seeking single parents in the study, the amount of money they received when not working (generally a combination of Parenting Payment, Family Tax Benefit and Child Support payments, if any) was viewed as the absolute minimum for survival, and income from paid work was compared with this. Jacqui, a mother with one child who had just been made redundant from her job as a librarian, indicated that she was planning to look for some casual work while resuming her studies. When asked if she had in mind an amount she wanted to earn, Jacqui replied:

Jacqui: I think I know that I would have to be earning an absolute minimum of \$100 a day to actually be on that breadline. I guess getting full pension, family assistance and Parenting Payment single, I'd classify that as breadline and then to just have that little bit more to be flexible. But I don't know, I think earning \$400, \$450 a week would be comfortable, I think.

Katrina, a former finance marketing manager with one child, based her expectations on prior experience of attempting to work full-time and the additional childcare costs associated with working longer hours. Her expectations about the income she would need to 'survive' were also presumably related to the fact that she had been earning an above-average income before the birth of her child and perhaps had higher 'lifestyle' costs.

Katrina: When I returned to work full-time, I actually very quickly realised I couldn't leave that office, when you first started, at 5 o'clock every day, and I paid someone to take my child after child care for one extra hour, twice a week, just to get into the job properly and have that more flexibility and that's a huge cost, that's extra costs. But these [childcare] places shut at 6 o'clock. I used to travel from the city, by public transport, only to [inner suburb] and would be running in that door at 5 past 6, invariably, every damn night. So the relief of the pressure was to get someone else, but I had to pay for it, that's where all of these costs are and I was on a really good wage and I had no money ... And that's why I say I literally couldn't survive on \$40,000 a year. Couldn't do it.

Several job-seeking single parents, with children under six years (and therefore not required to work by Centrelink) expressed an 'all or nothing' view of the amount of work which would be worthwhile. They considered that it would only be worthwhile either to work a very small amount to avoid having their payment reduced at all (that is, under the threshold for the withdrawal of income support—\$166.60 per fortnight, plus \$24.60 for each additional child) or to work full-time and therefore obtain what was considered to be a significant financial benefit even after additional childcare costs were taken into account. However, this was not a straightforward calculation, as both alternatives had associated financial and non-financial costs. Working full-time meant less time for the care of children and working very little meant living on a very low income. Mardie, with two sons aged under five, was living with her mother and in the process of another attempt to 'work things out' with her children's father. He had mental health issues and was not employed. Mardie had debts of \$80,000 which increased her desire to work. Part of Mardie's reason for wanting to reconcile was the hope that the children's father could provide child care while she went to work, enabling her to earn more and reduce her debts.

Mardie: I think I can earn \$200 a fortnight without it affecting anything. I think, roughly thereabouts. It's really confusing. Every dollar thereafter, you lose so much out of your pension. So I either work within \$200 a fortnight or I go hell for leather and I just blow the whole thing out of the water and do like, you know, \$50,000 a year job.

Interviewer: And do you have a preference between these two or an idea of what you need to do or ...

Mardie: I'd love to be home with the kids. Two hundred dollars a fortnight is OK for now but it's not going to get me where I need to be in 10 years. So if [the children's father] stays, I can do the \$50,000, 9 to 5 and, you know, would fast-track through this bit, but I want to stay with the kids so I'm a bit torn. I don't want to be in this position ... So it's a choice I have to make. I think while they're not in school or day care or anything like that and he's here, I should probably do the 9 to 5 office thing, if I can get it.

The assessment of the interaction between paid work income and income support payments was further complicated for Kyle, a 21-year-old on Newstart who had been looking for full-time work for three months. His partner had given birth to their son two months earlier, and had not worked since. Kyle had a history of cycling between low-skilled, short-term work and Youth Allowance (and more recently Newstart Allowance) since leaving school at 15. He wanted to work and hoped that full-time work would take him off Newstart Allowance altogether, but he was concerned that his wages would affect his partner's Parenting Payment and therefore his family's total income:

Kyle: Yeah it's almost stopping myself, it would be more so my partner from going back to work, because she gets the greater amount so she's likely to lose less, whereas if I go back to work it's a lot easier because I'll lose my pay either way. But Centrelink will say, 'Right, you're getting \$600 a week', I think it would work out to about, \$700 to \$750 gross, so

they'll go, 'Right we'll take your payment and then we'll take another \$300 a fortnight out of your partner's payment'. So we've gone from having \$1511 to maybe \$2000 a fortnight. But then there's the cost of getting [our son] to and from the grandparents' house, getting myself to and from work, we have to put him in day care at some point, so there's that cost which is \$40 on its own per day, or per half day. So there's definitely a lot of costs involved.

Part-time or casual workers receiving income support

Are extra hours of paid work worthwhile?

Eighteen of the 44 interviewees were already engaged in some sort of part-time, casual or temporary work. This group included eleven single parents who were receiving Parenting Payment Single or Newstart Allowance (principal carer). These parents were either fulfilling their obligations to Centrelink to do 30 hours of paid work per fortnight, or had children younger than six and no requirements to work, but were nonetheless engaged in paid work.

Many of these part-time workers described having done calculations and assessments when deciding to take on their current jobs. Many of the single mothers had 'chosen' to work in low-income positions for the minimum hours required by Centrelink, forgoing potentially better wages and conditions in order to have spend more time with their children. Most had also carefully worked out whether to take on additional hours in their existing part-time jobs, with many deciding that the increased income was not worthwhile when weighed up against reduced availability for their children, additional costs including child care and reduced income support payments.

Yasemin, a single mother of two receiving Parenting Payment Single, had been working part-time in the office at her son's primary school. She had recently been asked by the school's principal if she could work full-time. Yasemin had refused the additional hours and as a consequence was being moved to a different role as a teacher's support worker in the classroom.

Yasemin: And that's one of problems that I have had with work, because the hours that I'm working now is 22.8 hours, let's say, and they, well, he said, they need a full-time person in the office, and because of my hours—and if they increase my hours, I'll lose all my benefits, which I don't want to lose—he has decided to move me into the classrooms.

Interviewer: So tell me a bit about that. What would happen if you worked more hours?

Yasemin: If I worked more hours, then it will be, as I said, I lose my Health Care Card, and then I have to pay for my children's school fees, and then I have to pay for my medication and then I pay more on my [car] registration, and then I pay more on my bills, and it works out easier, in my advantage, that I work less hours. And then on top of that, let's put that aside, I have the children to worry about in the school holidays.

Tricia had made a similar cost-benefit analysis in relation to full-time work. A single mother of two in her late fifties and also a published writer, she was awaiting the outcome of her application for university. Tricia had decided to return to study to upgrade her qualifications in communications and event management, because as her children were older, she would soon have to return to full-time work to have some financial security later in life. Further, Tricia had assessed the income she would need for full-time work to be a 'good trade-off', and had concluded that she could only attract that level of income with higher university qualifications:

Tricia: So yeah, I'm hoping for around \$60,000 and once you're in that bracket, you've probably completely lost all benefits, but you can replace that and have more, and you've

got a trade-off that's decent. You know you are putting in a great many hours of work, but you are getting a good trade-off. Um, and to do something that's under \$40,000, I'd be virtually not better off, I reckon, because I'd be paying tax, I'd be paying rent ... and then the loss of the Centrelink benefits ... but from right now, where I'm standing, it's probably about \$400 a week I'd lose in benefits if I took a full-time job ... So if I'm not earning well over \$600 a week there's very little incentive, in fact there's zero incentive, because I've lost all that time and ability to be with my kids and do my own [writing] work.

While making a pragmatic assessment, Tricia also noted the guilt felt in making such 'cost-benefit' analyses relating to work and income support. Although high income earners are encouraged to do similar analyses to minimise income tax, the stigma of income support receipt caused a number of participants to apologise for their calculations, which they themselves characterised as 'playing the system'.

Further, many felt torn by the contradictions they faced—wanting to work, but finding that the most sensible financial choice open to them was in fact to minimise paid work. Tricia articulated this contradiction:

Tricia: All that said though, I think ultimately, one doesn't want to be on benefits. And I'm sure most people on benefits don't want to be on benefits. You'd prefer to think that you were pulling your weight, that you were flourishing, that you were secure and safe and that your health will be covered, you know, if you had an accident, you would be OK. You would prefer to have superannuation for your old age. I've got nothing, absolutely nothing. You would prefer to be working, you know, to be able to do that, but you've got to look at the whole picture, and it doesn't make any sense at the moment.

For most of the single parents interviewed, it was important for them to maintain their eligibility for the Parenting Payment while engaging in part-time work, at least for the short to medium term, both to minimise financial risk and to retain concessions which significantly reduced their household costs. The idea of reducing financial risk related to two different concerns about what might happen if they ceased to be eligible for the Parenting Payment. There was the possibility of losing their job and then experiencing a delay or waiting period in re-applying for income support and falling behind with rent, bills or mortgage repayments. In addition, several women who had been receiving Parenting Payment Single before the welfare-to-work changes in 2006 expressed concern that if they ceased to receive Parenting Payment and then had to go back onto income support, they would automatically move onto the lower Newstart Allowance (principal carer) payment. (See Chapter 11 for discussion of issues related to the Welfare to Work policy reforms).

When Danielle, a single mother of two, found her two-day-a-week job as a receptionist, she asked a friend to help her assess the impact on her income support payment and Family Tax Benefits. Like others whose youngest child was older than six, Danielle was required by Centrelink to find a minimum of 30 hours of paid work per fortnight. She was also concerned about jeopardising the Parenting Payment, a concern which was compounded by her previous serious financial hardship after leaving her violent husband. Danielle's comments highlight not only the importance for many single mothers of staying on the Parenting Payment, but also the guilt associated with appearing to 'work the system':

Danielle: I don't get the full amount, it's deducted, but I still get some so I manage. I'm a lucky one really. I am a lucky one that I have been able to find that job, have a really good boss and not work too many hours and not get paid too much. If I got paid too much then I wouldn't get the pension.

Interviewer: And did you work that out before you took the job?

Danielle: Yeah, I did. I found out what I got paid and saw a girlfriend who is really good with numbers who said this is good. It's not the greatest of pay, it's a not-for-profit organisation, I could get a better paid job somewhere else but the hours might not suit and I might not have such a good boss who understands there's children involved.

Interviewer: So if you got paid too much in the job, would you have looked for something else?

Danielle: Good question. Because I've got a safety net, and it feels bad to say, because people might say I work the system, but I think you have to, I've got no one else to help me. I've been at the stage where I had no money, no job, I had to go to the bloody [charity] and had to queue up for a food voucher, it was very humiliating. But I have been in that stage where I haven't had the money to pay for nappies or bills and I had a court case, and a mortgage and bills, it was hard. So I have worked it so that I still get it.

Interviewer: So that's important to you, to stay on the system?

Danielle: Yeah, and I'm really lucky, because I've actually got a girlfriend ... who's a single mother, and she's not been able to get on the pension because she works too much and she's at the stage where she doesn't have enough money to pay everything, and apparently now the system's changed and she can't get the pension.

Many of the single parents commented that they were their children's only source of support, unable to rely on extended family or their children's fathers for child care or financial assistance.

Frances: I would like to keep it [Parenting Payment] till the kids go, like when the kids turn 16, then I'm on my own. I would like to keep it till then, because it's helping me and I'm only one person and I've got the responsibility of two people sometimes.

Combining part-time work with Newstart (incapacitated)

In addition to the many single parents combining part-time paid work with income support, two interviewees were working part-time and receiving Newstart Allowance having both been assessed with a limited capacity to work due to mental illness. Both had calculated the impact of increasing their hours of paid work.

Greta, a 35-year-old bank worker, had until a few months ago been working 20 hours per week and relying on this work for her total income. Her stepmother had encouraged her to inquire about eligibility for the Disability Support Pension due to Greta's diagnosis with a psychiatric disorder. Earlier Greta had also applied for a low-income Health Care Card, but had earned just \$11 too much in the preceding 8 weeks to qualify. On returning to Centrelink to inquire about the Disability Support Pension, she had been told by the staff that she would actually qualify for Newstart Allowance due to her low income. Concerned that she would be required to look for full-time work if she received Newstart Allowance, Greta told Centrelink staff that she could only work part-time due to her mental health condition, and underwent a Job Capacity Assessment which concluded that she could not work more than 25 hours a week. Greta was now receiving around \$78 each fortnight from Centrelink in addition to her wages, mostly in the form of Commonwealth Rent Assistance and Pharmaceutical Allowance. She was also being pushed by her employer to take on more hours. While she was conscious that this would provide greater career opportunities, she was concerned about the effect on her health and on her small Centrelink payment. When asked if the extra \$78 was important, Greta replied:

Greta: God yeah. Because the rent I'm going to be paying when I move on Saturday is going to be \$355 a month, so of that, I mean it's basically \$80 plus \$80, so of that, half of my rent, basically \$160 odd, is paid [by Centrelink each month]. But the precarious situation with Centrelink and me is that I know, probably within the next three to six months, I know that they are not going to accept any more medical certificates.

Interviewer: And what's that going to mean?

Greta: Well, hopefully by the end of the year I'll be working more hours anyway, but if I work, let's say, 25 hours a week, and I start that in a couple of months time, that might cut me out from Centrelink altogether. I might qualify for a low-income Health Care Card, but if I'm cut out for rent assistance, then the extra five hours I'm going to be working each week is just going to break me even, the same as I am doing now. So it's actually going to be the same as working 20 hours plus that \$78 from Centrelink. So if I work 25 hours, Centrelink might cut out and I'm no better off.

Notwithstanding this concern about having to work just to catch up if her payment was cut, Greta expressed a strong desire to increase her hours of paid work from 20 to 25 hours per week, both to 'push' herself and to meet her employer's expectations. She wanted to do this even though she would lose her Newstart Allowance and continue to work part-time, therefore consigned to living on a relatively low income for the foreseeable future.

Chris, another part-time worker receiving Newstart Allowance, had also considered whether working full-time would be worthwhile. Seven months earlier, he had been moved from the Disability Support Pension onto Newstart Allowance, despite having been diagnosed with a serious bipolar disorder for which he was heavily medicated. Assessed as having a partial capacity to work, he was working 25 hours a week making deliveries for a bakery. To consider working full-time, he would need to be significantly financially better off.

Chris: I don't know. If things stay the same, I can keep cruising along and waiting as I am at the moment. I mean, this job, I get to know it fairly well and I know the people, I know the bosses and they're nice people. And they wouldn't just boot me out on the street for no reason. So you'd feel a little bit of loyalty towards them in that regard. I mean, the money's not good enough but if I change jobs and get better money but a crappy job—I've got to take that risk, so I'll just keep happy to cruise along the way I'm going. Centrelink's topping me up every fortnight anyway so it sort of gets me about \$800 a fortnight, apart from the tax that I pay. So it's not too bad. I mean, I've got to be careful because if it drops too low it's not enough to live on. I mean, even though I own my own place, you've got to make more than \$250 a week to get by, so that's why, even if I make more money, it would have to be a lot more money to make it worthwhile working full-time ... Yeah, about 40 grand at least. Yeah, 40[000] to 50[000].

Both Chris and Greta had left previous jobs due to their mental illnesses, including serious psychotic episodes which they linked to stress experienced at work. The idea of moving into full-time work carried for both the threat of serious health issues plus financial costs associated with the withdrawal of income support payments. Chris had also been offered longer hours by his current employer, but the shifts involved commencing at 1 am instead of the 8 am starts he was doing. He had turned down the extra shifts because his last psychotic episodes had been triggered by lack of sleep.

Additional costs associated with paid work

In addition to the complex factors considered by participants in assessing whether paid work was worthwhile, a number of specific costs of paid work were mentioned.

Debt repayments

Many participants had accumulated debts, some prior to losing their jobs or becoming a single parent, and others as a direct result of attempting to cover the cost of living and pay for unexpected major expenses while living on income support. Over a fifth of the participants had large personal loans or credit card debts. Some did not wish to disclose the amounts, other than to say they were 'massive' or 'too embarrassing'. Three job seekers who had pre-school aged children described debts of a combined total over \$115,000.

For some participants, being unemployed and reliant on income support had also provided a reprieve from onerous debt repayments and harassment from debt collectors. These participants were aware that moving off income support and engaging in full-time work would result in the lending institutions increasing their debt repayments:

Nick: I'm not even sure what minimum wage is at the moment, but I think it's about \$14, or \$15. So say I got a full-time job, which is about 40 to 50 hours a week, you know that would be a fair bit, that would be at least double what the dole is, I've got a weird feeling though, that once I start earning even that much, it's still not going to be enough. I mean it will be, but it won't be. It will just mean a few less stresses, but it will just mean also, a lot of—you know how I said I've got a lot of debts and all that?—they're being cool with me at the moment because I'm on Newstart. But once they find out I've got a job and I'm on the books somewhere, they'll start slugging me for heaps more, so that's something I'm either going to have to keep dark from them, or—but they find these things out—they've got computers and they're all in cahoots with each other. So once they find out, they find out, and then they can really start pressuring you for proper money, because you've got no excuse.

Kyle and his partner had taken legal action against their bank: the outcome was that while she remained on income support, she would only have to repay \$50 a fortnight for her \$21,000 loan. Kyle also had arranged for reduced repayment arrangements for his own debts while on Newstart. However, he was well aware that once employed, these repayments would increase, thereby creating another 'cost' associated with paid work:

Kyle: We won in court in the sense that they can't harass us for any more money; they have to accept what they're getting. But as soon as my partner goes back to work, she has to start forking out \$120 a week ... Once I go back to work I'm up for about \$150 a week before I even see my pay and that will take me the next two to two and a half years to pay those out. Then I've got my school [TAFE] fees, which have just shot through the roof, school fees, I pay \$230 this year for them. Next year I'll be up for \$3600.

Debt accumulation and repayment created a vicious cycle for many of the participants, particularly as credit card debts often increased during periods of unemployment to cover expenses that they could simply not afford to pay, particularly on Newstart Allowance. As debts increased, their ability to make even minimum repayments decreased. Then, upon return to work, any financial gains were allocated to debt repayment. Kyle's comment regarding 'school fees' also raises some issues about the changes to TAFE fees occurring in Victoria around the time of the interviews. While these changes are outside the scope of this research, it is worth noting that a fee structure

which effectively creates further debt (through FEE-Help) may create disincentives for low-income people to engage in further study.

Childcare costs

For many single mothers, increasing hours of paid work not only reduced their income support payments but also involved higher costs related to child care. Chloe had her two-year-old daughter enrolled in a childcare centre where she received a much reduced rate under the JET scheme. She was aware that next year she would no longer be eligible for the reduced rate and therefore, for work to be worthwhile, she would need to earn significantly more than the childcare costs, not only for financial reasons, but also to justify the additional time away from her young daughter:

Chloe: That's the scary thing because it's \$83 a day. So if it is \$83 a day it's about \$340 a week. You have to make a lot of money ... It would have to be a lot more than that because otherwise I can't just work to pay for child care and not see my daughter, it's not fair and it's not what I want. I want to be able to work to earn more money so we can do more things together, more interesting things, not just nothing.

The idea of not wanting to work 'just to pay for child care' was widespread among the single mother participants. The financial rewards from working needed to meet the costs of child care *and* pay for tangible extra benefits for the family. Minimal financial gains could not make up for reduced time with one's children, especially where children were very young, dealing with the consequences of family breakdown, or displaying problematic behavior such as not doing homework or truancy.

Some parents chose informal child care for financial reasons and also because they felt that family members were more likely to provide appropriate care. Instead of imposing fees (although there were often indirect financial costs involved with informal family or friend-based child care), these arrangements often created feelings of guilt and of imposing a burden on others.

This combination of financial cost, time away from children and the burden of relying on family members was significant for many of the parents and raises issues about how to factor in the true costs of care, particularly informal care by family members. The financial costs and benefits from paid work also need to be understood in conjunction with the emotional costs of such decisions about the competing demands of being a good parent, a good daughter, a good employee, a good friend and a good member of society. Anya, with a two-year-old daughter, was working two days per fortnight and relying on her mother for child care, an arrangement which despite being 'free' appeared to have both financial and non-financial costs. She described having 'done the maths' in relation of many scenarios involving different numbers of work days and both 'cash' and 'on the books' employment. She concluded with the emotional burden of her situation:

Anya: But I want to make it worth her [Anya's mother's] while, and the fact that she's doing it, so even though I'm not paying child care, I am paying child care. I wasn't able to bring in the bits of paper where I've worked out all these different scenarios, I've tried working out, what does it actually mean if I work two days a week on the books, what does it mean if I work four days a week on the books, what does it mean if I'm full-time on the books, what does it mean if I work for cash?

Interviewer: And what did you find?

Anya: I think, the one I can remember, is about the four-day-a-week [scenario], by the time I paid for petrol and all the other things associated with it, I was only \$100 better off. And it

was not worth it, absolutely not worth the stress and the driving and the reduced time with your child, as well. Because it's all tied up with guilt, really. I'm sort of happy with the arrangement at the moment because my daughter is spending time with her grandma, and at least she's getting some sort of family thing there, whereas I still can't sort of cope with sending her off to strangers. And I know a lot of other people do it, and the kids benefit, but for me it's a personal thing. I've just lost ability to have choice in so many things, because I don't have as much money, and I'm going to cry [tears welling up]. I think that's one of the hardest things—I brought my own tissues [laughs]. I think having no choice ... And you have to be grateful all the time. I'm grateful I've got my mum to help, I'm grateful I've got a great boss, I'm grateful I've had people give me clothes, but that builds up as well, because you feel that you are never able to pay it back, so you are just living on society. You are living on your friends, and it's not very good for your pride—sorry. [Anya starts to cry]

'Start up' costs

Several of the job seekers on Newstart Allowance also raised concerns about the one-off costs of commencing a new job, particularly costs of clothing and equipment such as steel-capped boots. They also commented on needing to present to employers in an appropriate way, both during interviews and once on the job. Kyle who was looking for labouring work commented that more money should be available for people commencing work for uniforms and other similar costs. In his own case, having only one uniform and no washing machine was problematic, particularly as 'employers perceive your presentation to be a part of your work'.

The importance of presentation, and the costs associated with it, was echoed by female job seekers, particularly those who wanted to find work in an office or corporate environment. For Mardie the costs were directly affecting her decisions about the type of work she would seek. She expressed a desire to return to the office administration work she had done before the birth of her two young children, but when interviewed she was considering looking for hospitality work due to the costs of hair, makeup and clothes to 'look nice'.

Strategies to 'make work pay'

Participants also described a variety of strategies which they utilised to 'make work pay'. These included Centrelink's Working Credit initiative, as well as strategies involving cash work and work in exchange for services.

Working Credit

Only a small number of participants explicitly mentioned Centrelink's Working Credit, which allows income support recipients to accrue working credits when they earn less than \$48 a fortnight. For each dollar short of \$48 earned in the fortnight, one credit is accrued—that is, if \$47 is earned, one credit is accrued, but if income from paid work is zero, then 48 credits are accrued. Up to 1000 working credits can be accrued. When a person's paid income increases above the threshold at which their payment is reduced (i.e. \$62 for Newstart allowees), working credits can be used to extend the free area. For example upon returning to work, a person who had accrued 100 working credits on Newstart Allowance could use those credits to earn \$162 before their payment is reduced in the first fortnight.

Those who did mention Working Credit, however, appeared to be confused about how it worked. Zoe, a single mother of three who was working part-time and receiving Newstart Allowance (principal carer) indicated that she had used up her work credits, but described it as credit allowing

1000 hours of work. Nevertheless, she said she was now ‘actually seeing what I have in the bank’ and that the real financial benefit from her paid work was very low.

Most participants responded positively to the suggestion that they ought to be allowed to earn more money (without withdrawal of benefits) for a period after starting work, but did not seem aware that the current Working Credit policy might enable them to do this, albeit for a short period.

The Working Credit system also allows income support recipients to ‘stay on the system’ for up to 12 weeks once their payment drops to \$0, which means if their paid work ceases in that time they can more easily restart their payments. Many participants mentioned the difficulty of re-entering the system, and suggested changes which would allow them to stay ‘on the system’ longer after starting paid work; however they did not mention Working Credit in this context. While the issue of greater security is discussed in greater detail in Chapter 6, it is worth mentioning here that the effectiveness of the Working Credit as an incentive is undermined by the limited awareness of its existence. Further, in light of the importance placed on staying on the system by many participants, this aspect of the Working Credit system could potentially have a greater effect than the credits themselves. However, it is difficult to draw broad conclusions as participants were not directly asked about the Working Credit scheme and due to the small number who mentioned it themselves.

Working for ‘cash in hand’

Several participants revealed that in order to increase the financial benefits from paid work, they were working for cash and did not declare their income to Centrelink. A number of Parenting Payment recipients were engaged in small amounts of cash work and others worked in exchange for other services so their income support payments remained unaffected. For the single mothers, this generally caused stress and anxiety due to the fear of being caught and the prospect of having their payments stopped or suspended as a result. Yet several felt that they had no choice but to ‘play the system’ in order to provide for their children:

Anya: Yeah, and I don’t tell Centrelink. Because honestly, it just isn’t worth it. And I feel guilty about that too, but that money means I can go out somewhere, or that I can afford birthday presents that are nice for [my daughter] ... Yes [it is stressful] because I was always a very upright citizen and I paid my taxes, and did all the right things. And I vote and when I move, I always tell them, and I always tried to live as an upright citizen, but I don’t feel like I am one now, so I have this guilt and fear about what would happen if I got caught, and I would have to go back to work full-time, because they would stop paying me and [my daughter] would be disadvantaged, so I’m always weighing all that up [bursts into tears].

Unlike the stereotypes of ‘welfare cheats’ rorting the system, the single mothers who were doing cash work were generally working very few hours a week for low pay such as tutoring or ironing on a weekly or fortnightly basis for friends or acquaintances. This additional income was spent on their children, and often described as allowing for some ‘fun’ activities for the kids, or paying for food items which they could not otherwise afford.

Participants’ recommendations

When asked how the income support system could be changed to increase incentives to work, or to reduce disincentives, the participants attempting to combine paid work with income support overwhelmingly responded that the withdrawal rate should be lowered and the amount which can be earned before reductions commence should be raised. The single parents receiving Newstart Allowance were particularly vocal about this, finding it hard to ‘make work pay’ when combining

Newstart with part-time paid work. Many single parents on Parenting Payment expressed similar concerns, even though their payment allowed greater earnings and imposed a lower withdrawal rate than Newstart Allowance. The single mothers did not necessarily make specific recommendations, but expressed a general view that the difficulties of combining single motherhood with paid work ought to be recognised, and that effort ought to be rewarded rather than punished.

Frances: I think the main one is just making sure people have enough money to live on ... and encourage people to put in more effort—the people that put in more effort should be rewarded more. The people that put in more work, if you do the work and you are willing to put in more study and learning and improving your situation, you should be rewarded rather than them cutting down your payment when you are working more hours. Or they should encourage you as well to do extra hours from time to time ... there are two ways that you can do it—you can say, 'I've got this regular income and that's not going to change', or you could say, 'This is my regular income but if I earn \$80 extra this week, can they not penalise you as much', because what's the point of earning if they are going to give you \$40 less, because then you are only \$40 better off.

Participants were asked directly whether their decisions regarding paid work would change if they could receive some cash benefit or allowance once they started working if their job provided a low income. While the Newstart allowance recipients in the study all expressed a desire to work regardless, those with a history of low earnings thought some sort of in-work payment would be desirable, not as an incentive to work, but to enable them to 'get back on their feet'.

Dianne: I think for a person to get back on their feet, sort of financially, when I say back on their feet, I'm not talking huge incentive sort of thing, but just some assistance ... some sort of concession for the phone, the landline. Of any calls I make, I try and do them down at the [Job] Network agency. I think it would be good if the phone could get some sort of concession. But then once you get into a position, maybe a credit, as you suggested, but that credit be used for payment of bills, the utilities or if they can't do that, then maintain the benefits of the Health Care Card for a set period of time, maybe three months, six months ... So that way, you could start saving and build up a bit of a reserve.

A number of Newstart Allowance recipients also expressed concern about the low base rate of the Newstart payment, calling for an increase to enable a better standard of living while unemployed, as well as some financial assistance for incidental costs of returning to work. In addition, Chris, who was attempting to combine part-time work with income support due to his reduced capacity to work, observed that the system is not well designed for part-time workers.

Information about the impact of paid work on income support

Several participants also expressed a desire for more information about how wages affected their income support payments and other concessions. Some participants were frustrated that they had been given wrong advice by Centrelink and others were reluctant to seek such advice in case it would somehow affect their payments in the future. Some commented that greater assistance should be available to new income support recipients regarding how to manage on a low income, but others felt strongly that they would not want to receive financial advice from Centrelink as it would be likely to be condescending and not confidential. Several participants had struggled with this and had only received help with budgeting and managing their income from a financial counsellor when they had already run into serious financial difficulty. Other participants stated that there was a need for a central source of information regarding the concessions available to Health Care Card and Pensioner Card holders, many of which were provided by state and local governments and by private businesses such as cinemas.

5 Managing risk and seeking flexibility

Staying on income support in order to manage risk

While many interviewees calculated whether working would provide financial benefits, many others, particularly those who had cycled on and off income support or been long-term unemployed, emphasised weighing up the security of potential work against the risk of becoming ineligible for income support in the future. These participants were mostly unemployed Newstart Allowance recipients without caring responsibilities. Their life stories also often included experiences of housing insecurity and serious financial problems due to being unable to save enough during periods of employment to provide a financial ‘buffer’. In contrast, a small group of better-educated participants felt constrained by Centrelink’s inability to deal with non-standard work, such as the intermittent employment of actors and writers, sub-contracting or running a small business.

Short-term, temporary work

Several Newstart Allowance recipients interviewed were older single women, who had previously held relatively unskilled but permanent positions, but had lost or given them up and subsequently been unable to find permanent full-time work. Instead they had found themselves working for ‘temp’ agencies, cycling from job to job, with periods relying on income support in between. A number had avoided relying on income support for a number of years, due to successive short-term jobs. However, it appeared that the recent economic downturn had dried up the supply of temporary jobs, leaving these workers exposed and turning to Newstart for financial support.

Dianne, a 58-year-old Newstart Allowance recipient, had been moving in and out of low-skilled, temporary administrative work for many years. She had previously cared for her elderly mother and since her mother’s death had worked in personal care, call centre and mail room positions, which had been made difficult in more recent times by several shoulder operations. Dianne’s last employment had been temporary assignments of five to eight weeks, which she took because any work is ‘better than the alternative’. She also hoped that temporary work might lead to a permanent job offer. However, Dianne was mindful that if her wages reduced her Centrelink payments to nil, she could only continue stay ‘on the books’ or report her income to Centrelink for 12 weeks before being removed from the system. When asked if this would deter her from taking a temporary job which lasted longer than 12 weeks, Dianne responded:

Dianne: Well if it came up for 14 weeks, that is better than the alternative and then there’s also the hope that it may be extended or go longer, so it is a gamble.

Interviewer: So you’d potentially take the risk in the hope that it would get you something more permanent?

Dianne: Yes, but I think if, it would be good if maybe they [Centrelink] could be, like if they read your history, they know that I’ve had temp assignments, so if they know that you are out there trying, like review your records and see like your reliability and maybe give those sorts of cases a consideration, as opposed to someone who is just quite happy to receive payment on the fortnightly basis and is making no attempt to look for work or even work, whereas I’d like to think that my record has shown that I’m out there trying and I’m willing and I’m able and I want to work, but who knows. Maybe my age might be going against me.

Dianne was prepared to risk losing her Centrelink payments as she valued working and felt that any work, no matter how temporary, might lead to further opportunities, including her ultimate goal of permanent employment. Nevertheless, she also desired some recognition from Centrelink of her efforts to find work, enabling her to move more easily back onto income support in the event that yet another job finished without another to take its place.

Maria, a 54-year-old single woman, had been doing temporary administrative jobs while looking for full-time, permanent work since 2006 when she had resigned from her position at a car dealership. In hindsight Maria regretted giving up that job, which had required over three hours travel each day to and from work, as she had not anticipated that finding another job would be so difficult. Since January 2009, Maria had been offered few temporary agency jobs and had registered with Centrelink. She had also registered with a hospitality agency for work. Maria believed that working was always financially better than receiving Centrelink payments but she also wanted the security of being on the system:

Maria: I want to get more money in my paid job than from Centrelink. I get more money when I work for the agency, and I don't get any money from Centrelink, but I still fill out the form. For example, if there is no job, and I have not filled out the form, then I have to go right back to the beginning.

Interviewer: So it's important for you to stay on the system even though you might not be getting payments from them?

Maria: Yes, because otherwise I will have to start again.

Interviewer: Ok. So if you got a month contract full-time, you wouldn't get any income from Centrelink, but you would still fill out the forms?

Maria: Yes, I think so, because that is only for one month. I would have to apply again. That's what happened to me before, I was in Centrelink, and they paid me, and then I got a temp job, and because the job was indefinite I told Centrelink I had a job so it stopped there.

Both Dianne and Maria were finding it difficult to maintain their hope of finding permanent, full-time work and wondered if their age was a barrier. Both were prepared to do any kind of work, but were physically restricted to some degree by injuries and age. These women expressed a strong desire to work, but the constant rejections for positions and insecurity of their situations were taking their toll emotionally, particularly on their confidence and self esteem.

Low skilled, insecure work

Whereas Maria and Dianne had previously held full-time jobs, other participants had never, or only briefly, held a permanent position. Phuong, a 42-year-old single woman on Newstart had held low-paying, insecure jobs since coming to Australia as a Vietnamese refugee. In 20 years, she had held only two full-time jobs, and those for a short time. She had also cycled between paid work and income support. Phuong viewed her own situation as affected by structural elements outside her control:

Phuong: ... For many low-income earners, I can tell you, their situation is—we are left in a position of little resources, we really can make no difference to help ourselves. So we are pushed by the market a lot, because they are the one in an upper-hand position, they have the money and the power. So in that sense, um, when we have got so little, we have few choices and we have to take whatever comes our way, just to survive. And that's why it's been the case with me, even though I do not like it. If I had a choice, I would rather go by a

stable path and to develop in a certain direction that I know I will, I could pull myself up, and be a better person in that particular area. So that's where my interests are, but we are, they tell us otherwise and we have to do other jobs like cleaning and factory jobs and all that ... And a lot of people are pushed to the extremes, to do something that if they had a choice that they would not be involved in in the first place... like home care, factory work, short-term, dead-end jobs that have no future. They just use your labour for a little while and they just throw you away like rubbish, that sort of work.

Notwithstanding these views, Phuong was committed to 'personal improvement' and had completed many courses in the hope they would enable her to move into a permanent part-time job doing meaningful work. She had recently enrolled in a Certificate IV course in nutrition. She did not see this as leading to any specific work in that field, but hoped it would more broadly 'improve [herself] first as a productive worker, as an employable worker, as a worker that is clean and healthy and employable'. Phuong felt that a full-time job would not guarantee ongoing employment, citing workers who had full-time jobs for many years with narrow skills and who then found themselves retrenched and unable to do any other kind of work. Rather, a diversity of skills and qualifications would make her competitive in the labour market:

Phuong: The situation out there is so tough. If you've got more than one set of skills to offer, then you stand a higher chance for another range of duty and responsibility that you can say that you can handle. That's how I see it, being multi-skilled, rather than always telling your employer that this is the only thing that you have done in your life.

Phuong believed her commitment to self education—holding TAFE Certificates in graphic arts, electronic publishing, assessment and workplace training, office administration and English language training—had led to her gaining her most recent job in administration and data entry, one of the two permanent positions she had ever held. She had unfortunately been 'let go' six months prior to our interview due to 'unforeseen financial restrictions' experienced by her employer, at which point she had re-applied for Newstart Allowance and begun searching for part-time work.

Other participants also identified the difficulties of low-skilled workers finding permanent full or part-time work. The lack of job security meant that they placed high value on remaining 'in the system' for a significant period, even when their earnings meant that they were receiving zero payments from Centrelink:

Nick: Yeah, I think it's, I don't know how long I can work for and still claim the dole, or not really claiming—say I got a job next week and I earned \$1000 for the week, I would still have to declare that \$1000, and I won't get my full dole, because I'm earning \$1000, but if I did lose the job, I'm still on Centrelink I could still go in the next fortnight and put my form in and get my full payment. It's not like you earn double pay or anything.

Interviewer: I guess there's not a lot of job security around—is it important to be able to stay in the system?

Nick: Yeah, especially when you are not a skilled worker. Like I don't have a degree or a trade, so whatever kind of job I get, it's not going to be a highly skilled job, it's going to be, you know, the kind of job that most people do with their hands tied around their back, and you know, that can be a bit threatening because someone else can come along and do your job for half the pay, they're minimum wage jobs, and they are like that for a reason. It's monkey work, you know, a bit monotonous. But that's how it's going to be.

In addition to the risk of losing one's job and having to reapply for benefits, other interviewees expressed concern regarding the unreliability of casual work and the implications of irregular and uncertain shifts. Kurt, a 37-year-old job seeker described his previous position as a personal support assistant working through an employment agency. This was a job which he had enjoyed but had offered irregular shifts and hours—sometimes he would receive two shifts a week, and other times only one shift a fortnight. This irregularity had caused problems with his Centrelink payments:

Kurt: I wasn't on the dole then and I was relying on that [personal support work] and sometimes I'd get one day a fortnight. And when you go to [Centrelink] and try and explain it to them or whatever, like you might wait three weeks for some more money and end up like two weeks behind. Something's got to be done about the way they work at Centrelink ... See, I went off it for a while because there was no point in putting my form in I thought because I'm getting paid anyway so I'm not getting money off them ... Yeah it was good for a while, then as I said, one day a fortnight, I couldn't even pay the rent on that ... So I just said, 'Oh tell them to stuff it'. *I'd rather be on the dole at least I know I'm getting paid* [emphasis added]. You know, I'm going to have some food this week or whatever. But when it's like that you think, 'What do I pay? Rent or food?'

Like Kurt, Kyle had left school early and had a history of unskilled, short-term casual and contract employment. He described the Centrelink system as 'painful', difficult to manage, and incompatible with short-term work as it requires a person to reapply once a job ceases, often leaving a gap between the termination of employment and the recommencement of income support payments.

Kyle: Yeah because I'd call up suddenly and say, 'Rah rah rah, I'm earning such and such now' and they'd go, 'Oh we're going to chuck you off the system now', and I'd go, 'OK whatever' and I'd go work for six months or so and then I'd have to jump back on the system because the work had run out or I'd moved or something had happened. The Centrelink system is really, really painful and it's extremely hard to get on. But you see when I started at [recycling company], my partner had just left work and I'd started, so I called them up to explain, 'Look I'm earning X amount a week, I need to start getting forms again please so that I can declare my earnings' and they've gone, 'Oh OK so we're going to cut you off'. I've gone, 'No don't cut me off, the work's not ongoing', and they've gone, 'Oh well stiff ... you earn too much'. It was an argument I had with about four or five of them over a space of a month, because the work only lasted a month and a half and then it took me another four weeks plus to get back on the system.

Kyle's main concern was managing the risk of finding himself without any income. The uncertainty and risk involved in irregular casual work without a guaranteed, quickly reactivated safety net was clearly a disincentive for these job seekers to accept work which was not ongoing or did not offer regular or guaranteed shifts.

Kyle: [Casual, short-term work] is not an option because it affects my Centrelink payment too much and I get too little for my troubles, and not to mention the work's not guaranteed, and from what I know of Centrelink they've got a habit of cutting you off. So say the work goes for six months and then it suddenly just disappears, it takes me another eight weeks to get back on the system, that's eight weeks I don't have any money. That's a right royal kick in the teeth, and there's no security, there's no holidays, there's no sick pay. So if [8-week-old son] is crook and I can't take him to day care and I've got to have a day off, there's no pay for the day and Centrelink still goes 'But you're working, you should be earning money' ... What would create a great incentive for me is if Centrelink wasn't so gung ho about cutting you off. Because I find as soon as I start declaring money, they go, 'Is it ongoing?' As soon as you say yes, they go, 'Well, kiss your payments goodbye'. Whereas

if they were to say, ‘Look we’ll wait and see if you make it through the three-month trial period, then we’ll cut you off’, that would be a lot better because then after that three months you’ve got full-time work and you stay at the job long enough, they’ve realised you’re committed, you’re going to get somewhere ... I don’t want to get Centrelink [and receive] full pay, I can comfortably live on a suitable pay. *It’s not about the money, it’s about the security* [emphasis added].

It should be noted here that a safety net of the kind described by Kyle, enabling certain income support recipients to stay ‘on the system’ for three months trial is now available through the Working Credit scheme which allows some income support recipients to remain ‘on the system’ for 12 weeks after their Centrelink payments reduce to zero as long as they continue to report their income. If within that period, their income drops or they lose their job, they can automatically receive their income support payment (Centrelink 2009). However, it appeared that many of the participants were not aware of this policy.

Also, Kyle’s references to a period of eight weeks without a Centrelink payment indicate that he may have been penalised under Centrelink’s rules for income support recipients it regards as having left work ‘voluntarily’ or due to ‘misconduct’. The Centrelink guidelines regarding ‘Unemployment Non-payment Periods’ require staff to consider the ‘reasonableness’ of the income support recipient’s decision, having regard to whether the work was unsafe or unreasonable demands were placed on the person. However, it is likely that many of the jobs available for young, unskilled workers like Kyle will be onerous, physically demanding and low-paid—as Kyle’s own work history suggests. Further, casual work places employees in a vulnerable position in relation to unreasonable demands or harassment from employers. Kyle described his work history as causing him problems, having had many short-lived jobs since leaving school at 15. He said he had left these jobs due to a ‘difference of opinion’ between him and employers, which he found difficult to explain: ‘Basically they didn’t work because they didn’t work’. Probing deeper revealed working conditions which appeared to be at least problematic, even if not strictly ‘unsafe’ or involving ‘harassment’ as interpreted by Centrelink:

Kyle: Yeah, well, like I was working as a chef and I was working from 10 am till 10 pm, six days a week over a two-hour split, and there was only two of us in the kitchen. We were pumping out three times what we should have been, so my chef was under stress and he took that out on me, and I wasn’t prepared to put up with it, so I left. So therefore I explain that job as, well, it was a difference of opinion, and they go, ‘If you’ve got a difference of opinion doesn’t that make you a hard person to work with?’ People tend to frown upon it; it makes it hard because it’s not easy to explain.

Interviewer: And you haven’t got references?

Kyle: That’s correct, from a lot of them. Because I’ve worked in three or four kitchens, the last one I left was [hotel chain] which is a huge company, they own hotels all over Australia, and I left because I was being told to do duties like standing on hot plates, scrubbing stainless steel walls for an hour at a time, and I’ve lost all of the soles of my boots because those hot plates were still hot. You can’t explain it because the employer calls your previous employer and they go, ‘Why did he leave? He had a bad attitude, he had a bad attitude, he wouldn’t do what I told him to’—but they don’t bother to explain why.

Mental illness and risk

The idea of using income support payments to manage risk was not confined to issues of insecure, low-skilled work. A number of participants had ongoing mental illnesses which were generally

manageable, but could periodically impact upon their ability to continue to work should they become acutely ill. Greta had qualified for income support due to her low-paid, part-time work for a bank's debt collection department. She had undergone a Job Capacity Assessment and was fulfilling her requirement to work 20 hours a week. However, it was likely that she would soon have to increase her hours as Centrelink would stop accepting medical certificates issued by her psychiatrist. In addition, her manager was pressuring her to take on more shifts. Greta had worked out that moving from 20 hours to 25 hours of paid work could render her ineligible for Newstart altogether, but she stated that she wanted to increase her hours in order to challenge herself:

Greta: I'm prepared to do it, because for me it's, I need to be able to challenge my health to be able to know what I can achieve, but Centrelink have no idea or comprehension—the staff, procedures or otherwise—they've got no idea what a massive leap that is for me, working that extra five hours.

This 'massive leap' appears to refer to a leap of faith required to risk moving off income support'. Greta recognised in hindsight that she had lost previous jobs due to absences related to her mental health. She was aware that she would probably never be able to work in a full-time job and would therefore remain on a low income. She also recognised that there was a real risk of having to return to Centrelink in the future should her mental health again deteriorate.

For Chris, the combined experience of having left his permanent government job due to a flare-up of his bipolar disorder four years ago, and more recently working as a casual delivery driver for a bakery, meant that staying 'in the system' was very important. This was magnified by his inability to accumulate any savings while earning such a low income. Chris argued that the present policy which allows Newstart Allowance recipients to stay in the system for a short period after commencing paid work was inadequate (Chris thought it was 6 weeks). He felt that Newstart allowees earning above the cut-off should be allowed to stay in the system for two years, not receiving payments but able to immediately recommence if their work fell through:

Chris: If they made it longer, so that you could still be on their books, and all the paper work's covered, but you're not getting any money from Centrelink but *they're covering you psychologically, security-wise* [emphasis added]. So if anything went wrong with the job, you could just walk straight back in and say, 'Look, I've been here 12 months, I've done a good job. I was on Centrelink payments for six months and I'm still covered', and you just walk in and fill out a small form or something just to say, 'This is my current status', and then it's all done. But when you see how many forms you have to fill out, it's ridiculous ... It's security. The thing is, a lot of the jobs that we're applying for people, like myself, who aren't using their degree or anything to get a job, I'm applying for general work. It's just bottom of the line work. It doesn't come with a lot of security anyway; I think that's one of the problems. It comes with low money so you couldn't even go out there and I can't save money because I'm not earning enough ... you can't build up a nest egg, you've got nothing to fall back on. You fall out of the wagon and you're on the ground.

Flexible work

While Kyle, Kurt and Phuong's ultimate goals were to leave income support altogether by gaining permanent, secure work, other participants used their income support payments to manage risk.

Single mothers expressed similar concern and frustration that Centrelink's reporting requirements and income calculations were unsuited to non-standard forms of work. One of these was Chloe, who had worked in a range of casual jobs but also as an actor when opportunities arose. Acting work, when available, was highly paid but usually involved a one-off period of a few days. To

avoid problems with Centrelink, Chloe usually reported her income by dividing the amount she was paid declaring it in small parts each fortnight. Although Chloe is an extreme example, having previously earned \$12,000 for one day's work filming an advertisement, her case raises more general concerns about how people who work intermittently are dealt with by the Centrelink system.

Another single mother recounted similar problems in her attempt to start her own business doing freelance administration. Colleen described attempting to report her income to Centrelink as a 'nightmare from hell' which directly led her to decide to shut down the business. Her frustration was compounded by the feeling that she had shown initiative, which she felt ought to be rewarded by Centrelink, but instead found herself disadvantaged by the way her earnings were estimated.

Participants' recommendations

Extending time on the system

Several participants made recommendations regarding the amount of time individuals should be able to stay 'on the system' once their wages reduced income support payments to zero. Participants were not asked directly about their awareness of the Working Credit 12 weeks provision (see page 22), but many comments indicated that they did not know about it, or misunderstood its duration. Other participants suggested that a longer period 'on the system' should be allowed.

Chris: They could put like a two-year under the radar. I mean my, this six-week business, that's just not long enough because you just don't know what's going to happen. ...So there's not a lot of security there, but if they could have a, like a two-year window.

Remaining on the system for longer would also assist people who take on casual work involving unpredictable shifts:

Kurt: I think the way they've got to fix it is at the Social Security side. They've got to sort of adjust—they've got to just sort of be able to see that you've only got that one day's work or whatever for the whole fortnight, and maybe give you some money back to cover that, for what you would have got if you were on the dole in that time. Because you could be just [earning] \$100 or whatever for that fortnight, whereas on the dole you're getting \$200 or whatever, and you know you're getting that every week.

Extending eligibility for HCC and in-work credits

Centrelink allows most income support recipients to keep their Health Care Card for 12 weeks after their payments become zero, as long as they continue to report their earnings and they remain qualified for their original payment (that is, are engaged in casual work rather than taking on full-time permanent work). In addition, principal carers of dependent children and long-term unemployed income support recipients (receiving benefits for more than 52 weeks) may be entitled to keep their concession card for a further 26 weeks. Again, these provisions were not well known among the participants, but it is likely that they would be welcomed by many:

Yasemin: You should be entitled in some sort of way [when you move off Centrelink payments], you should at least get a Health Care Card so you can use it for public transport or car registration, because like you said, once you've crossed that line, whatever the limits are, they just cut everything off, you know? There should be a bit more flexible, like perhaps keep the Health Care Card for another six months, or you know, allow you—you

know, it should be \$50,000 and that's it, after \$50,000 we'll take your Health Care Card off you—they shouldn't put you right off, it shouldn't be so limited. You know, your daily expenses like cars, petrol, everything, it's really high. I mean, it's good, not that I'm complaining about the benefits we're getting but it doesn't really meet our daily expenses, it's way, way under.

A large number of participants suggested extending Health Care Card eligibility, for varying lengths of time. The longer term unemployed, and those with a history of cycling between work and income support, expressed a desire for longer term support. This desire appeared to reflect both increased costs of living after moving off income support, and a desire to be able to 'get ahead', or accrue some savings, as a buffer against future possible job loss and hardship.

6 Non-financial benefits of work

Despite limited financial benefits, most of the participants considered there to be many *non-financial* reasons to remain in or enter paid work. They valued the intrinsic benefits of paid work, and also the absence of the negative stigma and hardship of unemployment.

Being active

Many participants valued the feeling of being active, which they often contrasted with the negative feelings associated with ‘sitting around the house’. The desire not to be ‘stuck at home’ was strongly expressed by both single parents and unemployed job seekers. Xiu, described being happy if she had things to do, and said ‘if I have nothing to do, I think I am waiting to die.’ Similarly, other participants described wanting to be active and doing *something*:

Chloe: No, no. I prefer working. I like to be active, I don’t like doing nothing. At the moment I feel like I’m wasting time. I don’t know what to do, I’m turning in circles sometimes.

For many of the primary carer participants, work also provided a forum to socialise with other adults, make friends and have time away from their children. This was particularly significant for the large number of single mothers interviewed whose children did not spend any time with their fathers.

Linda: [Working means] staying sane. Being out there talking to all the people instead of staying home talking to the kids all the time.

This idea of work providing a reprieve from childcare responsibilities and housework was echoed by Danielle, who said her job made her feel better about herself and was a ‘respite’ from her unpaid work caring for her son who had a chronic medical condition:

Danielle: [The job] was two days a week and I could do it and get it out of the way, and I wanted to work in the city, I wanted something new, something you know, upbeat, do you know what I mean? I wanted to dress up and feel good about my life, be able to put something smart on, be somewhere nice to work and smell good and then I go back to my life [laughs]. *I can be somebody else for two days and then I go back to the hard work. Actually, working is actually a day off* [emphasis added]. It’s work, but I’m a different person, I feel differently ... I mean initially I thought ‘Why am I working all this for only \$100 extra?’ (I can’t remember what it is now), but I actually did it for respite, for time out, not necessarily the money.

Role model for children

Other participants expressed a desire to provide a good role model for their children through engagement in paid work

Colleen: To your children, it’s the role modelling that you’re giving to your children I think, and it’s your own sense of who you are in the world and what you’re doing. You know I think that for me, I’ve always been a work-orientated person, so to have a child and then not work was quite a shock for me.

Anya was struggling to find a balance between paid work and care for her two-year-old child. She was also struggling to reconcile her career and self identity as a professional worker prior to the

birth with the life she was living now, back with her old employers but in a casual job, and struggling to make ends meet on the Parenting Payment.

Anya: But right now, in terms of feeling like I'm going to get somewhere in life, I'm fighting that every day in my head. Because I really feel like I'm going nowhere and it's a downward spiral and that's part of the poverty thing—I don't have any money and I am wearing second-hand clothes, and what am I worth?... And wanting my daughter to have good self-esteem, and I want her to see in me someone who is out there and a go-getter, who can take on challenges in life, but it's hard.

Confidence

Other participants had found increased confidence through returning to paid work. Victoria, a widowed mother of one had returned to work part-time as a childcare worker. She had not done this kind of work before and did not want to do it in the longer term but found that since starting the job her confidence had increased:

Victoria: Yeah and realising that I can do, contribute something and realise well, I used to do. Just sort of yeah the whole self-confidence, just sort of realising, yes I have done work before, I could contribute, so there's no reason why I can't again.

Importance of work for non English speakers

Two participants who were extremely enthusiastic about paid work were women who had arrived in Australia during the previous five years. These women spoke English as a second language and were experiencing difficulty finding paid work, but both hoped to find full-time work in the near future. They were working as casual childcare workers with an organisation which had provided job placements as part of their certificate training. The certificate course had been offered under the Public Tenant Employment Program and both of these women were very grateful for this. Working had enabled them to improve their English skills, learn about Australia and to make new friends. Ayen, a single mother from north-eastern Africa, said:

Ayen: At work you learn everything about Australia, when you are someone like me, you work; I learn new things. When you are talking to me, and when I am talking to you—you know about me and I know about you. It's better than when I stay at home—[at home there is] no talking for me, no speaking for me. That's why I like working, because I'm sharing everything in my life, and then I know about Australia and what happened and what I'm doing and about the law here.

Unpaid work

Although the vast majority of participants spoke positively about work, and the desire for work, a number of participants spoke about the need for balance, cautioning that work was not the 'be-all and end-all'. Indeed many participants spoke of other productive activities they were involved in, including community work and informal care work for older relatives or neighbours.

Phuong: I think I see a job as only one part of my life, not the whole part of my life, and we have other aspects of life we have to take care of as well ... not necessarily to do with money or work, it is just to do with being a better person.

Many of the single mothers were involved in volunteer and community work, often with their children's schools or local community organisations. Some were informally caring for elderly and sick neighbours, or the children of friends or family who were engaged in paid work. They valued

and enjoyed this unpaid work but felt that it was not equally valued by Centrelink through its narrow definition of participation. Those who had been unable to continue due to entering paid work, often as required by Centrelink, also expressed concern about who would now do this unpaid care and community work.

Zoe: [The government should look at] broadening the areas of participation, particularly for single mothers who, I feel, are incredibly exploited in many regards. We should be acknowledging all the informal networks that people have among themselves anyway. So often, my house used to be one where lots of children of working mothers would come. I mean, who's left in the villages when everyone gets sucked out to work, you know?

7 Preferred type of work

Many participants qualified their answers about making decisions regarding paid work, stating that this strongly depended on the *type* of work on offer.

Desire to work in area of previous experience/skill

Among both Newstart allowees and single parents who had previously held skilled or semi-skilled positions, there was a strong desire to find paid work which utilised their existing skills and experience in some way. They perceived that to do otherwise would be a 'step back' or a 'waste' of their previous hard work and education. These participants also resented the perceived emphasis placed by Job Network agencies on taking any work as quickly as possible. This frustration was not because they saw the work as 'beneath them', but because they believed that just taking 'any job' could hamper their longer term career goals.

Katrina: I have 20 years work experience [in human resource management] that I would like to give to the community, not just take or be pressured into taking some short-term job that's not going to work financially for me, short-term or long-term. And they are not excuses, I want you to think of all of that and help me find a job ... I've asked them if I can see a career counsellor and get some assistance. I am interested in community work and whether I could do some training in not-for-profit or fundraising or something that would complement the skills that I've got and so that it's, the workforce, is getting some benefit from the experience I have as well. The last time I spoke to them, they said it's really only in terms of shortages, which is security and child care and aged care.

Dianne: [I want a job] where my background and skills would be of value and utilised.

Any kind of work

Some participants on Newstart Allowance who had been unemployed for longer periods also expressed concerns that there were few jobs being advertised, and so many applicants for each position that it was almost impossible to find work. Many had initially searched for jobs in a particular field, but had since broadened their search to include 'anything' and 'everything'.

Nick: Pretty much now, I'm looking at just about anything ... I wanted to be a driver or a courier or something like that but, you know, there's just nothing. Yeah. Which surprised me, I see a lot of, you know, couriers and drivers around, so it's either not advertised, or the ones that are snapped up that quickly, I don't know...

Bakri: Everything, everything. If they say to me, 'It's just cleaning', I don't care, I will take it, I will do anything. I don't go for particular jobs. This is not a time to look for particular jobs. I am in a critical problem, so I need a job, any job.

Others did not have an ideal job, but nor were they prepared to take just any kind of work. Kurt provided an example of the 'crappy jobs' he would not be prepared to accept:

Kurt: Well there's like crappy jobs. For instance I've done a bit of cleaning and stuff and there was one job like that the Salvation Army was going to send me to in [outer northern suburb]. It was only two hours a day or something like that, and by the time I get there and back, you know, it's no point in going ... If I could get there by train, it would probably take three hours round trip, I reckon. You know just for that, if I had a car, it would probably cost me \$15 to \$20 in petrol.

Full-time, permanent work

Similarly, many of the unemployed participants who were not the primary carers of children wanted full-time work, preferably on a permanent basis. A number expressed frustration at the lack of permanent full-time jobs available, particularly in trades and low-skilled areas.

Others held permanent work as their ideal, but had lost hope that such jobs existed, particularly for low-skilled workers:

Phuong: I can't expect a lot, because there are a lot of situations going on out there beyond our control, beyond business control, and we've got to be realistic. If there is a degree of stability, that would be lovely, six months, at least six months. Ideally permanent, but at least six months would be all right.

Work that fits in with school hours

In contrast, the majority of the unemployed single mothers wanted part-time work. Many had begun looking for part-time work in the area of their previous full-time employment but this had proven to be extremely difficult to find. So many had since 'downshifted' their expectations, widening their searches to include lower-paid, lower-skilled positions in order to have flexible hours which suited their childcare obligations. This also meant that work which did not involve weekend or night shifts was preferable.

Linda: I'll try anything. I've done insurance, I've worked at pubs, I've worked at, I actually tried to get a job at the country club down here but then it got harder with the hours, because they'd given me a different shift, weekends and stuff like that. That's why I'm trying to stay in retail so I can work Monday to Friday.

Tatiana, a single mother with a two-year-old daughter, had been a successful graphic designer prior to the birth. Tatiana only wanted to work part-time due to her daughter's age, but had been unable to find part-time work in her field:

Tatiana: I have tried to find a part-time job as a graphic designer, and I took my folio to a couple of places, but they all want you to work full-time. And one place where they really, really liked my work, they told me that they start work at 8.30 am and finish at 6.30 pm five days a week—I felt like, she's in child care now two days a week, but I'm not ready to see my daughter now for only two hours in the evening.

She described the type of work she was now seeking:

Tatiana: I would like to find a job that won't affect my payment. I would need to look at the figures. But it's not a particular job, I would do ironing or cleaning. I have a friend who has been a single mum for 10 years and she said to me, 'Please, Tatiana, do anything except cleaning, because too many single mothers do that'. She was screaming from her heart—I think it was because she knows I have skills. But for the moment, I don't want to be choosy. For the moment, it's about putting healthy food on the table and paying the bills.

Not only did many of the single parents drop their expectations of types of job, but also many were constrained in the hours they could work, which further limited the available work. This was particularly the case for single parents who had to rely on formal child care, which operates only during traditional 'full-time' working hours, and, particularly for pre-school aged children, requires a commitment to the same day or days each week.

Chloe: [Cafes and restaurants] can offer you some day work, but as long as you can do a couple of evenings or a weekend. Unfortunately I don't have any family here, so it's just me and my kids. My son will look after my daughter sometimes if I have to do something, but he's 15 and I can't just ask him to do that all the time, it's not fair on him. So I'm quite restricted in what I can do, and also I've just, just obtained a full day in child care. She was on the waiting list for 18 months before I got the full day.

Rewarding work

Several single mothers also expressed a desire for a job that was rewarding and made a contribution to the community. Some had been, and continued to be involved in community groups and wanted ideally to find paid work which could build on these skills and enable them to 'give back' to the community:

Yasemin: I would like to work in an organisation where you are more giving to people, like going into a kitchen and making soup for homeless people. I would like to do something rewarding, you know, something that you are dealing with kids, or homeless people. Something that you can give back to the community—part-time, full-time, it doesn't worry me. I mean, as you were saying, once my youngest son hits high school and he's OK to come home and not see me there, and they can cope, yes I would love to extend my hours.

Yasemin's comment about the age of her youngest son also illustrates how, for many of the single parents the work that they wanted, or were already doing, was described in terms of the age of their children. Those with younger children tended to prioritise time with their children, while parents of older children often described jobs appropriate for the short term, but also talked of plans for the future when their children would be even more independent and they could take on different types of work or longer hours. It was apparent that these parents received no assistance from Centrelink or their Job Network agencies for this longer term planning, and there often seemed to be a mismatch between the 'all right for now' jobs and future plans, making it unclear whether these plans would be realised. Irene, a single mother with a 16-year-old son, had worked for many years in retail. She had found part-time work in retail, but was very concerned about her financial situation, having recently moved from Parenting Payment onto Newstart Allowance when her son turned 16 and anticipating that her ex-husband's Child Support payments would soon cease. Irene felt that the Certificate IV in Community Services which she had completed during an earlier period of unemployment would not be enough to get work in the community sector, her preferred field, without any paid work experience in that area. She felt that she could not afford to reduce her work hours to complete the diploma course and therefore resigned herself to increased hours in retail to cover the shortfall from her loss of Parenting Payment and Child Support and to support her in older age.

A job with a future

This distinction between short-term and longer term jobs was also significant for some of the younger participants. Zack, a younger job seeker on Newstart Allowance had lost his job at a call centre due to depression which was related to the increasingly stressful job and compounded by homelessness and family issues. He had been initially given a reprieve from job searching because of his mental health. More recently, he had been looking for an administrative role, but could not find one due to lack of experience. He was reluctant to go back into customer service due to the stress of his last job. He had started an apprenticeship as a baker, but struggled with the night and early morning shifts, being unable to sleep during the day due to his young child and appointments with housing support workers, DHS workers and counsellors. Zack and his partner had decided to

restructure their payments, with Erin eligible to move onto Youth Allowance due to her age and her full-time enrolment in various TAFE courses. Zack could then move onto Parenting Payment Partnered, allowing him to study part-time towards certificates in aged care and integration aide work. He was also released from the pressure of full-time job searching required under Newstart. Zack expressed concern about the full-time jobs for which he was qualified—generally insecure, low-skilled positions. Instead of finding immediate full-time work, Zack wanted to work towards a job in an area he was passionate about, and that had ‘a future’.

Zack: And that sort of led into why I wanted to do aged care and integration aide work, because they are industries where I can get a qualification and they are industries where I would always be able to get work. And that sounded like a good idea to me, and it's work that I am interested in doing because it's something that I'm passionate about, and it's a good job that's always in demand. And I feel that I would be capable of doing that kind of work, because even though I had a lot of issues with the customer service, when I was helping people, that's when I got the benefit ... So I don't really have a problem with helping people, it is something that is rewarding. And that's a reason why I want to get into [integration aide work] ... I want to get something that I feel like I will be able to do and to do for a while, and I feel like that's the reason why I'm having a lot of trouble. Because the last fortnight, I did apply for ten jobs, and I received at least four knock-backs.

For Kyle, another young man with a young child, his immediate concern was to find full-time work doing ‘anything’, but he had aspirations to finish his advanced diploma and get a work as a draughtsman:

Kyle: Find work, finish my diploma, I'm hoping to finish my advanced diploma for mechanical engineering and get a job as a draughtsman for an engineering firm. But basically I'm just going to do whatever I can for the meantime, so I've been looking for work as a labourer, office work, anything.

Again, it was unclear to what extent Centrelink supported income support recipients in these longer term goals, and the extent to which pressure to take low-skilled, often precarious work made it more difficult for income support recipients to increase their skills and meet their aspirations.

Standard work hours

A number of interviewees expressed a strong reluctance to take on shift work, which narrowed their job choices. Most had previously worked shifts with negative impacts on their health, sometimes causing job loss. Many cited reasons why they could not sleep during the day (living with young children; living next to a school; having daytime appointments) and so would exacerbate the health risks associated with shift work and unsociable work hours. One participant had lost his previous job as an electrician after an epileptic fit at work which rendered him unable to drive a car. Doctors had told him that it was likely that the fit was caused by sleep deprivation due to working night shift and having difficulty sleeping during the day while living with his elderly, deaf parents.

Training

Participants also raised some issues regarding training, in particular the emphasis placed on certificate courses by Job Network providers, although this was not the focus of this research. The vast majority had completed some form of certificate course as a result of contact with a Job Network agency. Some participants, particularly the longer term unemployed, had completed a large number of certificates. Some held the view that diverse certificates would make them more

attractive to employers and reduce the risk of future unemployment. Erin, who was concurrently enrolled in four courses, stated:

Erin: And I'm just trying to get all the Cert IIIs and Cert IVs that I want, because the price of those is going to go up, and we're being told that someday there'll be no concessions for school [TAFE], and I'm thinking if I can get all this done now, at least I'll be qualified and have lots of options, rather than being stuck in five years.

Others viewed their existing certificates and the prospect of completing further certificates as of little assistance, particularly in a tightening labour market:

Kurt: Training doesn't really help me because it's not going to pay bills and stuff or whatever, but if I'm going to get a job out of it or know there's some work going or whatever, then I'll do it. But there's no point in having 20 certificates and diplomas or whatever if there's not work for you or something like that so—it used to be good, you used to be able to get certificates sort of thing in those first years when there was plenty of work around, they can pay for it. Sometimes there's not much point.

Some participants also emphasised the importance of job placements, having had positive experiences through targeted programs such as the Public Tenant Employment Program in which job placements combined with certificate courses had led to ongoing employment.

8 Barriers to paid work

Despite a desire to gain paid work, many of the unemployed participants faced significant barriers. Most also recognised the complexity of their own situations. They understood that paid work might help them to overcome some problems, but also were realistic about the kinds of work which they would be able to do and how employable they were. They were also cautious about engaging in work which might worsen their physical and psychological wellbeing, often based on previous negative experiences. Other participants faced barriers related to their age and many raised concerns about the supply of jobs and also their reliance on public transport.

Multiple barriers

Several longer term unemployed participants, all men, described complex, interrelated barriers to paid employment. Their life histories involved unhappy childhoods, leaving school and home at an early age, drug use, poor mental health, poor physical health, sometimes criminal offences, and cycling between work and income support over a long period. Several were homeless, and others were in transitional and public housing. Most wanted to work but were aware that their other issues would have to be dealt with before employment would be possible.

Carl was a 30-year-old with a history of long-term unemployment, homelessness, drug use and mental health problems. He had been receiving income support for around 12 years 'on and off'. When asked if he wanted to work, Carl responded:

Carl: Work? I haven't really thought about it, with mental health issues and stuff like that. Stable housing has been a major issue for me with the last four years.

Carl also told of being diagnosed with schizophrenic bipolar disorder, but Centrelink had rejected his application for the Disability Support Pension. Carl was aware of his personal problems and the restrictions these would place on employment:

Carl: I don't cope well with people. I prefer to do stuff, my own kind of thing, do you know what I mean? I need a lot of direction. I need to be told repetitively how to do stuff. Once I know how to do something, I can do it. I find I don't work well around people ... Yeah, it's more just anxiety.

Living in a squat, Carl's first priority was housing. He was on a waiting list for public housing and believed that he would need to remain homeless until he was allocated housing. He acknowledged that he needed drug and alcohol counselling and wanted to be able to regularly see a doctor about his mental health, although he said, '[Doctors] freak me out and make me really angry'. Despite these pressing, immediate needs, Carl indicated a desire to work or study in the future, however unrealistic that might be in the short term. He also internalised blame for his lack of involvement in paid work or education by describing himself as lacking direction and perhaps 'lazy':

Carl: I'd like to do some form of labouring. I think it'll probably end up being something like tree planting or something along those lines. I wish I could study, I really wish I had some direction. I wish I could say I want to do this, but like with other issues, 'You should just study, you should just do it'. I'm just not going to do something for the sake of doing it. Maybe that's lazy or something, I don't know.

Another participant, Brad, described his medical condition as his greatest barrier to work. His condition caused body tics, fatigue and depression, and had a direct impact on his views about job

seeking. Brad thought that he would be unable to manage full-time work. His work history involved periods of working until he became too unwell, at which point he would reapply for income support.

Brad's desire to work was tempered by his desire to manage his condition:

Brad: Hopefully over here I want to get into some part-time work, try to get a little bit more on top of my body tic and work out, with my medication, balance it out, because at the moment I just seem to be fatigued and tired a lot and having trouble getting into a regular sleeping pattern.

Brad's situation was also complicated by his lack of housing: he was living in a squat but wanted to move into rental accommodation. He was eligible for Rent Assistance but did not have enough money to pay a bond and could not see how he would be able to save it. He could not drive a car due to his medical condition, further limiting the jobs he could apply for. He expressed a desire for greater support, noting it was difficult to explain his medical condition to employers:

Brad: I knew that unless, without assistance to get work ... it was just hard because I can't explain to employers what's going on, so basically what happens is, is that I get a job and do it for as long as I can before fatigue, and that really sets in, and then ... it just crumbles because when I get to work I'll be just absolutely exhausted and they'd see that as, well obviously that I was lazy.

Police record

Two long-term unemployed participants also had criminal records related to drug use. Many employers required a police check and a clean record. Even when employers did not insist on this, these men still felt they had to account in their job history for the periods they had spent in prison:

Andrew: No. I've tried to get work when I've been out of jail, but there's not many people that will employ somebody who's been in jail ... Most of the time when you mention you've been in jail, they go, 'Thanks, but no thanks'. Yeah, I haven't come across many that are happy to employ, only if they're desperate for staff I guess.

Nick expressed similar views. While he had a clean record since 2003, he had been a heroin user and had a criminal record between 1997 and 2003. More recently, he had undertaken a forklift driving course, but was required to do 60 hours of work experience in order to receive his licence. The company where he had been placed had required a police check and as a result of Nick's record had refused to take him on, leaving him unable to complete the course. Nick was concerned that despite having been 'clean' for nearly six years, his record would continue to be a barrier to paid work.

Nick: Well the thing that pissed me off a bit about it was that all my priors that I've committed over the years, they are all non-violent, they were all just petty, silly junkie crimes, stealing things, selling things that were hot, a possession here and there, nothing major, but it shows a history of dishonesty, and that goes a long way, it's hard to shake. And it's hard to prove yourself, if you are not given a chance. And I mean, if I get the chance and I [stuff] up, fair enough, then that's my own fault and it's not the person's fault for giving me a go. But, without even getting a chance, it's a bit hard.

When asked what assistance might be required for people in his situation, Nick said that somehow he would need to be given a 'second chance' and that the government should encourage employers to take on people like him.

Older workers

A number of older job seekers felt that it was becoming more difficult to compete with younger job applicants, particularly for positions which required little skill or experience:

Keith: I also find, too, that within the jobs like unloading freight or doing that, most of the people are between 18 and 35, so I'm already older than all of them, which I don't really care but [employers] also use that as a boundary.

Others, such as Maria, aged 54, felt that they were less able to do certain types of work:

Maria: Yes, it's stressful, because you don't know what you will be doing after this contract, and you have to go back and contact the agency. And then you have to start again and adjust yourself and learn new systems. I'm getting older too, I'm not like the young ones, my memory is not so good and it's harder to learn new things. Sometimes I feel depressed and don't want to apply again.

Maria had commenced temporary hospitality work when she could not find either permanent or temporary office jobs. Hospitality often involved lifting and standing for long periods, which was taking a toll on Maria's back, and meant that she sometimes refused shifts, particularly those longer than three or four hours.

Like Maria, other older, low-skilled, single women in the study who were also finding it very difficult to gain employment but were desperate to work. They were living on very low incomes with apparently limited prospects for ongoing, secure employment. All had worked in consecutive temporary jobs for a number of years, but had found themselves unemployed due to what they perceived to be changes in the economic climate which had resulted in a shortage of temporary work. Several owned their own homes, which provided some security, but others were private renters. For most of her working life, Karen had been a full-time factory worker, for the latter part making fans and cooling equipment. When her employer moved its manufacturing operations offshore, Karen had found herself out of work with a narrow set of skills which were no longer in demand. She had then worked in temporary jobs but had been unemployed for seven years. In the preceding 12 months Karen had also become homeless. She was now living in transitional housing but was pessimistic about finding work, and her prolonged unemployment had also taken a toll on her self-esteem:

Karen: Yeah, it makes me feel really, sometimes I feel really ashamed of myself because I've got this way, but as I said, as you get older, nobody wants you, I always say every time I used to go and get a job, I used to get rejected all the time. That used to make me feel really, really bad because every time I used to go and apply for a job, I thought, you know 'They don't want you', and you get rejected and it makes you feel really, really bad. It makes you not want to work and you don't want to go and look for work because they reject you all the time. I used to feel about this small every time I got rejected and I thought, 'Oh well, if I keep getting rejected, what's the point in me going along for a job?'

Mental illness

A number of participants disclosed mental illnesses, with treatment ranging from counselling to heavy medication. Most were working or looking for work but due to health and other issues, preferred part-time work and sought to avoid jobs which they felt would be detrimental to their mental health. Contrary to negative stereotypes surrounding income support recipients trying to avoid job search obligations, several interviewees said that despite being eligible, or having been told by Centrelink or others that they might be eligible, for the Disability Support Pension, they had

actively decided not to apply as they did not 'feel' disabled. Instead, these participants said they wanted to work and felt that moving to the pension would be a backward step.

Global financial crisis

Almost all of the job seekers interviewed expressed concern about the impact of the global financial crisis on the job market, speaking of the scarcity of job advertisements and the large numbers of applicants for jobs requiring no formal qualifications. In addition, several more highly qualified and more recently unemployed participants described having widened their job searches to include work 'below' their qualifications or previous positions. These anecdotal accounts appeared to confirm that an overall shift occurs during economic downturns, resulting in more recently retrenched, skilled job seekers applying for lower-skilled jobs, and forcing the long-term unemployed and those facing multiple barriers to the 'back of the queue'.

Public transport

Another external barrier involved public transport and the location of jobs. Many job seekers involved in the study did not own cars, or could not afford to repair their broken-down cars, and several did not have a driver's licence or were not allowed to drive due to medical conditions or licence suspension:

Nick: Yeah, well, nothing was sort of happening, because they were really having trouble finding a job [for me]. You know, there was a lot in suburbs far away from me in the middle of the night, and I don't have a car, so things like that popped up a lot. And I mean, you can't ride public transport at night time, you know, when you finish at 3.30 or 3.30 in the morning, you are stuck for a couple of hours.

Dependence on public transport limited the types of jobs these people could apply for. These restrictions included jobs which required a car or licence as part of the position, jobs with hours outside public transport times, and jobs which were not located near public transport.

9 Balancing work, welfare compliance and family

The single parents in the study faced particular difficulties in managing the competing requirements of work, welfare compliance and care of their children. These challenges varied according to the children's ages and complications related to former partners and family breakdown. For many, the accessibility and flexibility of child care was an issue. Replacing parenting time with institutional or informal child care was seen as a necessity by many working single parents, but how they *felt* about these arrangements was often complex. Most parents felt that spending time 'parenting' their children was good for their children's development and was also 'work' which was often enjoyable and rewarding. These views were often held in tandem with a desire to provide economically for their families, as well as finding work outside the home to be stimulating. Managing these often contradictory views was further complicated by Centrelink participation requirements which left little scope for parents to make arrangements for paid work and child care which suited their family's circumstances.

Pre-school aged children

Anya, a single mother, valued caring for her two-year-old daughter. She felt that this was an important role which would help shape the type of person her daughter would become. At the same time, Anya enjoyed her paid work at a plant nursery two days each fortnight, and also felt she needed the income to supplement her Parenting Payment. On those days Anya chose to have her mother care for her child, even though she was quite elderly and had to travel from the country.

Anya: At least I know what level of care my mum gives—how she talks to her, what values she gives her, because whoever is looking after them full-time shapes their character. So if I go back to work full-time and I spend a little bit of time, say if I have to get to work at 9 am, I'd have to have Harriet dropped off at child care at 8 am, and she gets up at 7 am, so I would only have that one little hour of me rushing around of me getting ready and getting dressed, and then I would get home and have a little bit of time as well looking after her. I'm not moulding her character or teaching her or shaping her in that time. My feelings about work are really mixed—when you work you feel good about yourself, I come home from work feeling buzzed and feel good about myself. I've had adult time, I feel like I'm not just living off society, I'm contributing somewhere, and so I feel refreshed coming home to Harriet, even though I'm tired. So that still feels good working a little bit. But the other side of it is that I do think that, as a society, we should support women as mothers and that they should be able to stay home with their children until they start school.

Anya expressed a commitment to spending time parenting her daughter while she was young, but was concerned about her long-term job prospects and about their very low income. The child's father did not pay child support and Anya had moved to the outer south-eastern suburbs in search of affordable rent, even though her friends and mothers' group were located in the inner south-east and her paid work was in the outer northern suburbs. So for her, affordable housing involved a trade-off between different costs—costs relating to employment including travel and costs relating to social support.

Katrina, another single mother had attempted to return to work full-time, but had found that her young son did not 'cope' with the arrangement, partly due to changed contact arrangements between her and his father during a protracted Family Court dispute:

Katrina: Then I separated and I only had a contract job and my son then didn't cope and I was advised by a psychologist to take him out of child care. So I did that, he ... He was 18

months and so I did that and there was no full-time child care available and so when I thought he was ready, around six months later, he recommenced at the childcare centre he had been at, for two days a week and the third day a week came up and it was like, I couldn't get any part-time work and so I got a full-time childcare spot ... I started full-time work in July 2006 ... And I stayed in that until September 2007, when in the July we had major contact arrangements made in the family court and again, my son didn't cope and so I had to make a choice and I made the choice of looking after my child and trying to get him ready to go to school the next year. I couldn't work full-time ... after ten weeks I asked my company if I could work part-time and I couldn't and I quit.

The shortage of flexible childcare places and quality part-time work and the pressures caused by family breakdown all appeared to play a role in making it difficult for these women to maintain former positions or skills while their children were young. These difficulties had led some to decide not to take on paid work until their children started school or until it was required by Centrelink, when they were likely to seek lower level jobs than their previous positions due to their prolonged absence from the labour market.

School-aged children

Many single mothers with school aged children described juggling work hours with the hours of school and before and after school care. These parents were all required to be working or looking for work by Centrelink and most were engaged in part-time work around the minimum 30 hours per fortnight. Many had difficulty fitting their work into the hours of available child care, particularly if they could not rely on family members to pick up or drop off their children.

Linda, a single mother with two primary school aged children, described dropping them off before school and leaving them unsupervised in the schoolyard for ten minutes each morning, despite the fact that the school had requested parents not to do this.

Linda: It's a little hard, I have to drop the kids off because what I was doing was, I was paying child care before school and I can't get there by quarter past three, so I was paying after [care] and it's like costing me \$200 a fortnight. It costs me more, I tried to explain to everybody, even my previous employer, 'You can't have me working stupid hours that it's going to cost me more to drive to work and to pay for child care than [you pay] me to come here'. I might as well just go on concession, but I'm not like that, I didn't want to do that. That was just silly to do something like that, and they just didn't care. So now I just drop them off a little bit early, because it's costing me too much money, so I take the risk for ten minutes because there's no teachers on for ten minutes that they're there.

A number of parents expressed frustration at the hours of before and after-school care, and struggled to pick up children by closing time at 6 pm. Care for older children also posed a problem for many parents. Children in grade six often refused to attend before and after-school care, perceiving it to be for 'little kids'. For 12 and 13-year-old children in year 7, this care was simply not available, yet a number of parents expressed concern about whether their children were mature enough to travel to and from school alone and spend significant time at home unsupervised. They generally felt that they had no choice but to allow their children to look after themselves, but this often caused them anxiety about their child's wellbeing while they were at work.

Danielle, a single mother of two, described leaving her previous job due to the incompatibility between her work hours and her children's care needs. Her work at a hospital switchboard had commenced with three or four shifts per week from 8.30 am to 1 pm, so she put her children in before-school care, but was able to pick them up in the afternoon. However, her shifts had changed

when other staff also wanted the 'good shifts', and ultimately Danielle had resigned, simply unable to find care for her children to fit with shifts commencing at 7 am or finishing at 11.30 pm. In her new role as a receptionist, Danielle was working two regular days a week. She described leaving home at 7.30 am, travelling for an hour to start work at 8.30, and then at 5 pm having to 'run for the train to be able to get my son before six, because I can't afford \$1 a minute if I'm late'. Danielle was also concerned for her 13-year-old daughter:

Danielle: There's not after-care for that age, but I don't want them to be latchkey kids. And there's [been] incidents where my daughter has actually been somewhere and it's not been safe, and she's said, 'Mum, it's fine, it's fine' but I don't know the people and you sort of get bullied into it, so I end up saying, 'Take your phone', and I find out later that she shouldn't have gone there. That's not good ... yeah, so she's rung me [at work] and said, 'I want to go to such and such' and I say, 'No, you can't, because if something happens I can't come and get you'. It's only me, I can't drive all the way to [outer northern suburb]. I said, 'How are you going to get home?' and she would say, 'I'll take the bus with my friend', but teenage girls don't always look after each other.

School holidays and sick children

School holidays and sick children also provided significant stress for parents engaged in paid work. Danielle described having a 'panic attack' each time the school holidays came around, and Colleen described going into 'panic mode' each time her daughter was too sick to attend school. For school holidays, most employed single parents relied on a mixture of family, friends and holiday programs to care for their children, but often felt that they were imposing a burden on friends and family which they could not repay.

Further, the structure of holiday care programs and the childcare rebate did not suit all types of workers. Linda, who was working part-time hours in retail which involved shifts five days a week, found that she had to enrol her children full-time in a holiday program which provided care for 12 hours a day and did not allow part-time enrolment. This meant that she was paying for 60 hours of child care per week, exceeding the 50 hours for which the Child Care Benefit was payable.

Linda: Yeah, because you only get a certain amount of child care a week of hours. Say if I get 50 hours and child care actually runs 12 hours [a day], I'm missing a few hours to do the five days. Because even though you work say from 9 till, let's say you go 9 to 12 that day, you pay for the whole day, and you've clocked up on your child care for the whole day.

Most single parents also described difficulty when their children were sick. Those eligible for sick leave used it up to stay home with sick children, so that when they were sick themselves they had no choice but to work. Other casual workers who had to stay home with sick children were not paid for that shift. Colleen described feeling pressure from her employers regarding time off, which meant that she in turn put pressure on her daughter to attend school:

Colleen: Well basically at times it's almost a thing of deciding if your child or your job is more important because in this day and age you can't muck around with employers and a lot of employers aren't sympathetic to having children and it's a case of, if you take too much time off work you are putting your work in jeopardy. So then you put pressure on the child to go to school, to be well, 'Are you sure you're not well?'

Time off to care for sick children also caused problems with meeting Centrelink's requirements of 30 hours of paid work per fortnight for single parents whose youngest child was older than six. Many described fortnightly reporting as demeaning and strongly resented being made to feel like

they were 'in trouble' if they did not work the full 30 hours in a given fortnight, even if it was due to their child's illness:

Colleen: But I think as well as that, as well as then having to ring up at the end of the fortnight and go, 'Sorry I didn't work my 30 hours this fortnight, my child was sick'. It's almost like you're, you know it's quite degrading I think ... ringing up Centrelink and them saying, 'Why didn't you work your required hours this fortnight?' Well my child was sick, and it's like you're a criminal because you had a sick child and you haven't [fulfilled] your obligation.

Similarly, Linda spoke of taking leave without pay when she or her children were sick, as she had not accrued any paid leave in her new job. She described having to tell Centrelink every time she or her children were sick as a 'waste of time', particularly as she had been working well over the required 30 hours each fortnight:

Linda: But if you're sick or whatever, you've got to tell Centrelink that you're sick, and I'm like what is it of their business? I'm here—minimum hours I have to work a week is 15—I do above my normal hours, if I'm going to pull a sickie and be sick and not get paid for it, why do I have to report to them? ... Because I do what, 50 hours a fortnight, I've still got 20 hours to play with ... If they say 'You worked', I'll go, 'But they didn't give me that shift'. I'm not going to tell them I'm sick or the kids are sick or whatever ... Well because then they're going to ask for a doctor's certificate, so I've got to go down there, go to the doctors, get a certificate, go down there, I've just got the 'flu. It's just a waste of time.

Some single parents commented on the onerous reporting obligations in general, particularly for those who had regular part-time work and had been reporting the same income fortnightly for some years:

Belinda: I hate the reporting every fortnight. They have a terrible system. It doesn't worry me so much now, it's just annoying now but when it first—probably for the first two years it was incredibly demoralising ... Thankfully, I just had to phone in. And I get paid at the same time every week, it's as regular as clockwork, I never had another job on top of it and so my reporting would be the same every fortnight, the same amount every fortnight. And because it didn't sometimes—on a calendar—didn't fit into their dates, they'd ring up and they'd say, 'You've misreported and you've lied and dah dah dah'. I haven't lied, I've had the same payment, the same form, and I used to get really, really stroppy with them and I used to think, 'This is a ridiculous way to treat people. I mean why don't they just say, 'Are you a permanent part-time worker, are these your standard hours, is this when you get paid?' And they find that too difficult to do. So, I had a really disagreeable discussion with them on the phone with them one day and it seems to be better now.

Older children

Several participants were mothers of older children and some had recently moved or were soon to move from Parenting Payment to Newstart due to their youngest child turning 16. There was a general feeling that older children who were not yet independent were more expensive to provide for, and that a reduction in income support was illogical. Further, for these older women, the prospect of moving from part-time or no work to full-time work was particularly daunting. They also considered that older children still required care, supervision and support in the latter years of school or TAFE, and that children aged 16 and 17 often needed to be driven to appointments, part-time jobs and school activities, particularly if they lived in suburbs with limited public transport, making it difficult for parents to work full-time.

Irene, a single parent with a 17-year-old son had moved from Parenting Payment onto Newstart Allowance, a change which had caused her 'a lot of anxiety'. At that time she had increased her

hours of paid work in retail from 20 to 28 hours a week, simply to make up for the drop in her income support payments. On Newstart Allowance, the amount she could earn before her payment was reduced to zero was significantly lower, so Irene had decided the small amount she was receiving from Newstart Allowance was not enough to make up for the inconvenience of income reporting and had taken herself off income support altogether. She was able to make ends meet due to the relatively high child support payments she still received but was going to have to reapply for Newstart once her son finished his one year full-time TAFE course and her ex-husband was no longer required to pay child support. Irene had also just had her shifts cut by her employer, which she felt enabled her to provide more support for her son, including driving him to work, but her income would not be enough once her son's child support ran out. Irene also strongly felt that Newstart Allowance was the wrong kind of payment for someone in her situation:

Irene: I don't think that Newstart is the answer for single women leaving Parenting Payment, looking after children and going to work and supporting a household. There needs to be something in between, the transition is too great, I think. Plus with all the responsibilities the woman has, I think it's too much of a juggle. Yeah. I know women that have gone onto Newstart, gone onto full-time work and then their teenagers were running the streets and they were getting into trouble. It's like, 'Mum, there's no food on the table, because you're never home', and I think well, I'd rather have my son secure, and sacrifice that ... My son's doing a Building and Construction Certificate III and I've had to drive him to his work experience at 6.30 am in the morning and then pick him up at 5.30 pm. How am I going to do that if I'm working full-time? I want him to have a base, have some education, and he loves it. But he needs that support. When he comes home, he needs me there. Plus he has a part-time job too, so I have to drop him off at [fast food restaurant] and pick him up at 10.30pm ... I'm hanging out for him to get his licence. Maybe then, when they are 18 or 19, when they do have that independence of their own, maybe then the single mother has the ability to say, 'Well, hey, I can go and work full-time now', do you know what I mean?

While older children were generally considered able to take care of their own basic needs, parents were concerned about leaving them unsupervised for long periods for fear that they would fall under the influence of a 'bad crowd' of peers.

Yasemin: The 15-year-old is at that age where he can get influenced by his friends, and I don't want him to get in with the wrong crowd, so I'd rather pick him up from school and bring him home and just knowing where he is. At least I know he's not wandering the streets. But if I work full-time, he's going to catch the bus, and then he's probably going to go out to McDonalds, and then he's going to go out to other places and I'm going to have to worry about him—so nup, I choose to stay part-time.

The desire to supervise older teenage children was combined with a concern about their mental health and stress relating to VCE study. Zoe's 16-year-old son's best friend had committed suicide during the previous year and she felt a need to be available for him in case he needed her support. Tricia had a 14-year-old son who had learning difficulties and mental health problems and required 'hands on' supervision to complete his schoolwork, as well as a 16-year-old daughter:

Tricia: You don't want your health to collapse, you can't afford that. And in two years, my daughter will be doing her finals, finishing secondary school, too. So that's, I know that's huge and I've seen my friends go through that, and you have to put in a lot of support for your kids to keep them on track with studying and emotional and mental support. Sometimes you are really helping them with the work, interpretation of the work, and just doing a lot of housework and stuff, so they are not too, um, stressed to handle their lives.

Children with special needs

Several participants had children with special needs, including learning difficulties and specific health problems. Breakdown of the family and conflict regarding child contact arrangements appeared to create additional issues for the care of children. These extra needs often further restricted the primary caring parent's ability or willingness to engage in paid work, particularly where their children were experiencing psychological and emotional distress.

Preference for part-time work

The majority of single parents in the study were working part-time, and were not interested in looking for full-time employment. The decision to work part-time enabled them to care for their children and manage their household. Many single parents described the amount of work which went into running a household on their own, including cleaning, shopping and cooking, and felt that this work was often not considered by policy makers. Several had increased their hours of paid work in the past, but then become ill and exhausted. The single parents who had gone through recent family breakdown or faced conflict regarding contact time with the children often felt that their children 'had been through a lot' and therefore needed them to be home more and to provide as much stability as possible. However, most single parents planned to increase their hours of paid work in the future as their children grew older.

Asked whether she would consider full-time work, Colleen replied:

Colleen: Not at the moment. It would mean putting my daughter in before and after care five days a week. She's actually been through a lot the past two years and I'm not prepared to do that to her, so for me it's something that I've decided to do myself, that probably next year I'll work three days a week.

For Danielle, too much work in a previous role had taken a significant toll on her health, resulting in nine weeks off work with pneumonia:

Danielle: I was casual, on-call and I did that for three years, and it was very hard work, very stressful. I was on the main switch, so I was dealing with emergency calls, and I didn't know what hours I would be working. They would phone and say 'Can you come in now?' and I would have to think of somewhere for my son to go, on the spot. Then I actually went to go on holiday, and I thought, I can't do this, I'm burnt out. I actually got pneumonia and was very sick for nine weeks, and I couldn't work for nine weeks and when I asked my doctor why I got that, she said, 'You're worn out, you're doing too much, you're working, raising two children' ... I didn't have a life; I just worked and looked after the kids at the weekend. It was just work, work, work. And another thing, living like that I wasn't able to have the energy to cook homemade meals, we got takeaway, it wasn't really healthy and it wasn't a good lifestyle really.

Impact of Welfare to Work for single parents

A number of participants felt very strongly about the changes to income support for single mothers which had occurred under the rubric of 'welfare to work' reform. Several parents with children over the age of six had become single since 2006, and therefore were eligible only for Newstart Allowance. These parents felt strongly that Newstart Allowance was not the right payment for them and that their status as single parents ought to be recognised. Further, many knew of others who were still eligible for the Parenting Payment because they had been receiving it before 2006.

The obvious difference between the two payments appeared to these participants to have no rational basis.

Zoe: The irony is, the bigger your children get, the more expensive their shoes are—you know. Please don't drop the amount I get given, because as they get older the costs are greater. Soccer registration is \$90 and then you tell me that I can earn \$63 a week, out of \$450 a fortnight—I mean even the Parenting Payment was more. So all of a sudden you are dropped to Newstart, because you are 'long-term unemployed' and you are no longer 'parenting', and you are not a parent anymore, you are a 'job seeker' and you have to line up in the 'job seeker' queues. But I'm not a job seeker—I've got a job. And of course I want to contribute to my financial autonomy, but I want to work out what works the best. And my intention is that it's not going to be forever.

Esther similarly felt that being placed on Newstart Allowance incorrectly classified her as a job seeker when she was already working part-time:

Esther: I'm considered to be a job seeker, even though I have a job; I'm still classed as a job seeker for Newstart. I'm not making a 'new start'. I'm in my permanent lifestyle as a single mother so I'm not making a new start, even though I'm on Newstart. And I'm forced to just keep looking and keep looking for work as if I am a job seeker, when I'm not in fact a job seeker.

Many of the single mothers also felt that the rigid requirement of 30 hours of paid work created difficulties, even though they wanted to work, and for the most part were already working. Danielle was working two days a week as a receptionist in a job which officially involved 14.5 hours each week. She was unable to start work earlier or finish later due to the hours of child care available for her son. Her employer could not allow her to take a shorter lunch break, due to occupational health and safety regulations. Not wanting to work another whole day to make up the hour shortfall each fortnight, she explained her predicament to her employer who agreed to tell Centrelink that she commenced work half an hour earlier on one day. Danielle was extremely grateful to her employer, but was always worried that Centrelink would work out that her hours did not strictly match her fortnightly pay.

Colleen had also been caught by the inflexible work requirements. She was working as a legal assistant two days a week (which amounted to 16 hours), sometimes working more hours if required. Her employer had asked if she could take one day off each week for four weeks due to staffing issues within the firm.

Colleen: So she asked myself and another person if we would consider taking a day off a week. My response to her was, 'I could do that except I'll go into breach with Centrelink and they will make me find another job, it's up to you'. So we worked something else out between us, where basically I didn't work, I worked two days from home and two of the days I didn't actually work and I now owe her two days, because she paid me the same amount and I reported the same amount, but she was genuinely shocked when I said to her if I do that they will make me look for another job, and she went, 'Oh'. I said, 'Yep, welcome to the real world'.

The work requirements had also caused Colleen to leave her previous casual job for a charity, as it did not guarantee 30 hours a fortnight, in spite of the fact that when averaged over a longer period, she had been working the same number of hours. Colleen had enjoyed the role, which had ironically been better paid than her new job:

Colleen: I really loved the job, really liked the people, they couldn't give me the 15 hours a week on a consistent basis. I could do 15 hours, 15 hours, 8 hours, 24 hours, it was like that sort of, so I didn't meet my criteria. So I had to resign from that job. I mean what I did was I looked for another job while I was working there, knowing that I was just going to end up, because my concern is that if I don't find my job, they [Centrelink] will find me a job.

Participants' policy recommendations

The single mothers participating in the study generally felt strongly about the need for flexibility and understanding from Centrelink in allowing them to combine their paid work and care work. They felt strongly that the impact of the breakdown of a marriage or domestic relationship (which is the pathway into single motherhood for most single mothers) should be taken into account by Centrelink and that single mothers required time without the pressures of job searching to enable them to adjust and take care of their children's needs.

While most single parents saw value in paid work, they felt strongly that there was no reasonable justification for the Welfare to Work changes, particularly in moving women from Parenting Payment onto Newstart Allowance. While they did not make specific alternative recommendations, the general argument was that the Welfare to Work policy should allow mothers to stay on Parenting Payment. They felt that Newstart was an allowance for single or childless unemployed people and therefore did not recognise the realities of managing part-time paid work and childcare responsibilities faced by most single parents. Secondly, they felt that the lower base payment and lower amount which could be earned before the payment was reduced was unfair, particularly as these parents needed to combine part-time or casual paid work with income support receipt for a substantial period of time and the costs of children actually increased with age. They also felt that the Parenting Payment offered greater financial stability and incentives to work, although some mothers on this payment felt that it still did not release them from constant concern regarding money, did not allow them to accrue savings and did not allow them to provide the activities and experiences for their children that they would like.

Participants also felt that the requirement of 30 hours per fortnight should be more flexible, and was at present too rigidly enforced, preventing parents from taking up good but irregular work. One parent suggested that instead of a working credit which allowed income support recipients to 'bank' income, single parents would benefit from being allowed to 'bank' hours of paid work in excess of 30 hours a fortnight. This would allow them to increase their hours during certain times, such as filling in for other co-workers on leave or during busy periods, and to work fewer hours during other times such as school holidays if approved by their employer. This flexibility would recognise that single parents experience time pressure in addition to income pressure and would also enable them to take on positions that could average 30 hours a fortnight over a greater period. Further, though many single parents interviewed thought additional hours of work as were not financially worthwhile, time banking might provide greater incentive to increase hours for short periods.

A number of single parents also raised concerns about casual positions which did not provide paid holidays or other forms of leave. This meant that these parents found themselves working more hours across the year, as they could not take paid leave and to refuse shifts for a period of time would potentially find them in breach of their activity requirements with Centrelink.

10 Housing

Varying housing circumstances had a significant impact on the participants' work decisions, directly and indirectly. Of the 44 participants, 13 owned or were buying their own home, 13 were private renters and four had tenancies in public or community housing. Among the remaining 14, six were living in transitional or crisis housing, four were living with their parents and 4 were homeless. The homeless participants included two men living in squats and two others in boarding houses, although both men in boarding houses stated that they were about to leave, one to return to living in his car, and the other to sleep on friends' couches, both effectively returning to homelessness. The study sample does not purport to be representative; however it should be reiterated that six participants were recruited through their involvement with a crisis housing organisation as clients, which accounts for some, but not all, of the participants who were homeless or in crisis housing. The interviews reveal the clear links between housing and employment, in particular the intersections between unemployment, income support receipt, private rental and homelessness.

Home owners

The participants who owned or were paying off their own homes were generally older than the other participants and most had previously been married. Several single parents had been married to partners who had average or above average incomes, and had obtained the family home in the property settlement, some with full equity and others taking over mortgage repayments. While these participants enjoyed substantial housing security compared with other participants, and those who owned their own homes had more disposable income, they were still living on relatively low incomes. Significantly, none of the younger, single Newstart Allowance recipients owned their homes, or was likely to be in the position to buy a home in the foreseeable future.

Private rental

All of the participants who were renting from a private landlord expressed concern about rising rents. The majority were single parents, and spoke of the poor standard of the housing that was available to them, and the high cost of rent. Most had experienced recent rent increases but were reluctant to move, as they would have to move a long way to gain a worthwhile reduction in rent and so would have to take their children out of the schools and childcare centres where they were settled and away from friends and neighbours who provided informal care and support.

Tatiana was struggling to cover the recent increase in her rent and was on the waiting list for public housing. She commented:

Tatiana: And I can't move out either, because when I go to RealEstate.com and do a search for properties with rent of \$250 a week for the whole of Victoria, there is not much choice there. And if you do a search for properties less than \$300, there are very few which I would be approved for by real estate agents. My real estate agents are quite sympathetic towards me, because every time she does an inspection she is impressed and tells me that I keep my house like a home. And I asked her if there are any properties I can move to around where I live that would be smaller and less rent. She was so sad to tell me that there is nothing else. Because I would like to stay in [eastern suburb] for example, because child care is close and I don't want to change her child care because she is quite happy there.

Other participants were prepared to put up with sub-standard conditions such as unrepaired holes in the walls in exchange for their landlords not increasing the rent.

Shared accommodation

The few Newstart Allowance recipients who were privately renting were sharing accommodation, either with other tenants or, in one case, with the landlord. The allowance was simply not enough to enable these participants to rent on their own. Some participants felt forced to share with housemates and then trapped in share houses wishing to leave but unable to afford the extra costs of a bond and higher rent.

Tamara: I like things neat and tidy and clean and hygienic—and where I am is not that ... I don't even, when I wake up in the morning, I don't even want to go to the bathroom or go to the toilet. That's how much stress I'm under, but I haven't got a bond, and you know, I'm not going to get one, you can't afford it on Newstart. At the moment, I can't see how I can save. So that's why I want a job.

One participant with a history of mental illness had experienced such a serious deterioration of her relationship with her housemate that she had ended up in crisis housing:

Greta: But, yeah, and they actually just saw me break down and I was sobbing hysterically and they said, 'You've got to leave now'. And I felt that I didn't have a choice, and I just felt, like money-wise, and I didn't want to lose my independence as such, by going to live with Mum and Dad in Gippsland, or by going to live with a brother, and plus it would have been ages to travel to work had I been living with those people. So I stayed on for 14 months when I shouldn't have, and so our relationship just deteriorated hugely to the point where, I've been in [crisis accommodation] about two weeks this Wednesday.

Phuong, an older single woman on Newstart was living in the downstairs section of her landlady's house. She was extremely grateful for the accommodation and was paying reduced rent in exchange for taking care of the house and garden and tutoring the landlady. It was unclear whether this was actually a fair exchange or whether lack of housing choices had led to Phuong being exploited; however it was certain that she would have great difficulty finding rental accommodation on her own for less than \$135 per week, and could not afford much more on her Newstart Allowance. Phuong's history of insecure housing, frequently moving house, with some periods of homelessness, sat in tandem with her history of cycling between insecure work and income support, highlighting the interconnectedness of precarious employment and housing.

Living with parents or family members

Unable to afford rent, a number of Newstart Allowance recipients had moved home to live with family members. Ian, a middle-aged, unemployed electrician, had moved back with his elderly parents and felt that he was stuck there, both because they required his assistance around the house and because the only other feasible option was share accommodation which he did not find appealing, particularly given his own recent struggle with alcoholism:

Ian: Well, you'd have to share. You, obviously you can't—it's just \$200 a week, so you can't have your own place. Um, you get too many blokes in one place—believe me after mining camps, you wouldn't believe how much alcohol you can imbibe. But at least living with Mum and Dad, I behave myself.

Public housing waiting list

Several participants were on the public housing waiting list. They included most of those in crisis housing or experiencing homelessness, as well as some private renters including Phuong and Tatiana. Being on the waiting list played a significant role in the work decisions of this group, who

were aware that remaining on the list depended on their income. Although most wanted paid work, all felt that their need for secure housing outweighed their employment needs, and as a result they would not take work which would render them ineligible for public housing.

Erin and Zack provided a clear example of this ‘catch-22’ situation. A young couple living in transitional housing with their 16-month-old son, they had been evicted from private rental accommodation for failing to keep up with rent after Zack had lost his job. They had ended up living in a caravan in Zack’s mother’s backyard. They had ultimately been referred to a housing service by DHS workers concerned about their wellbeing, particularly as Erin had suffered from severe post-natal psychosis leading to hospitalisation. Finding stable housing was the couple’s main priority, despite both actively looking for work and having significant debts which they wanted to pay off:

Erin: [I’m looking for work during] nights and weekends. I’ve even gone for overnight work, I’d be happy to do that. I would drop some of my study commitments—but it’s not because I’m required to, but it’s because we do need the money ... but you’ve got to be aware also of the transitional housing, they’ve got income limits ... if I get a job and Zack gets a job, we might go over the income limit and then they won’t accept us for public housing when you get a place ... I’m going, ‘Oh my god’, because I need this extra money, but my housing could be threatened by me earning it. And I would happily pay the extra money because I’m earning more, at 25 per cent, and I would happily pay it.

Interviewer: So if you put in application for a job, how are you going to work out the income limit? Who do you ask?

Erin: To be honest, if I accepted a job, I would call [housing organisation] who own the transitional property. We’ve got someone there we can contact. But I think I’d be really careful not to work so much as to go over that limit, but work as much as I could. It’s sort of playing the system in a way, that you earn as much money as you can, without losing your benefits and that’s pretty sad. It’s not something I ever wanted to admit to, but it’s just fact ... I don’t want to go back to the caravan. But I want to work. I want to go out and be a night medical records clerk, which is something I’ve just recently applied for, and that’s a really good job, and part of me goes, ‘I would love that, that’s a great opportunity’, but the other part of me goes, ‘If I get that, I’m going to lose some of my Centrelink benefits, I’m going to lose my housing, is it worth it?’ But that’s not really the attitude that I wanted walk out with, but that’s what I’ve got unfortunately.

In a separate interview, Erin’s partner Zack expressed similar concerns, but also reflected on their previous negative experiences of the private rental market and the contrasting ‘safety’ of public housing’s secure tenure.

Interviewer: And would you take a job that took you over the income threshold in terms of your housing?

Zack: I wouldn’t, because even \$1 over that threshold would make us ineligible, but \$1 over that threshold is barely enough to pay for private rental. And to get an affordable private rental, we would have to move so far away that it would be completely impractical ... You know, if you are only earning \$500 a week and you are paying \$250 a week in rent, that doesn’t leave you that much money for bills and food ... The experience that we had in private rental was a bad one, and that was as much because we were taken for a ride, as just being unable to support ourselves and pay that much rent at the time. And it’s something that I would never want to go through that again, especially with my son ... So rental itself is something that is a very frightening prospect, because it is such an uncertain thing. And

the benefit of public housing is that it is permanent accommodation. So unless you are earning an absolute bucket load of money and you can afford to pay to live in private rental, *you are safe in public housing* [emphasis added].

Similarly, Tatiana had decided not to attempt to return to work full-time, partly to spend time with her infant daughter but also to remain eligible for public housing:

Tatiana: I didn't think that they would put me off the list if I get a part-time job, can they do that? But I have a really big fear of the rent going up and up, and my child needing more and more every passing day, so if I don't get a Housing Commission place, I don't know how I will manage, you know. I don't want to go back to my violent husband, you know, just because I don't have any money.

Waiting list eligibility also had an impact on the housing choice of one of the homeless participants. Carl was under the impression that he had to remain living in his squat in order to qualify for public housing, and that attempting to find private rental accommodation would render him ineligible, a situation that he described as 'strange' and 'confusing'. While this impression was not strictly correct, it could be linked to the different categories of waiting list applicants based on need, with homelessness placing Carl in a higher priority category with a shorter waiting period. Given that the average wait for applicants on the lower priority 'wait turn' list is in excess of seven years (St Vincent de Paul Society 2007), and given the extreme shortage of inexpensive private rental properties, Carl's 'decision' to continue squatting appears entirely reasonable. Indeed, it is likely that on Newstart Allowance the only private rental accommodation Carl could afford would be share accommodation or a room in a boarding house.

Carl: We've been looking at getting into public housing, it's the first time I've ever tried the public housing. I find it a bit strange now, I can't rent or I get thrown out. So the next three or four years, I have to live on the street or I get taken off the list. To me, I find that a bit strange.

Interviewer: You can't rent?

Carl: I can't rent and remain on the public housing list.

Interviewer: So to be on the public housing list, you've got to be homeless?

Carl: Yeah and it just seems like they're poking me and prodding me with sticks saying, 'Yes, we want you to have a bad time'. I don't think I should be penalised for trying to find somewhere to live. I don't see how that makes me any less worthy of receiving help with getting a Commission flat, it just confuses me.

...

Carl: The only places I can really stay without affecting my housing application are hostels, which my housing worker has admitted to me, and I've spoken to her about the fact that people getting directly out of jail don't go to these hostels because they're bad places and they dislike them. They've literally said they prefer Port Phillip prison than staying at one of these hostels. That's my options: I've got to sleep under a bridge, up a tree, in a hedge, empty building, bin, anywhere but there. It's violent, drugs, I can't be around it, it just gets too much to me. I realise it, but I still can't control it. I have self-control issues, I don't hurt other people, I generally just hurt myself.

Transitional housing

One participant in the study was a young, partnered mother of four children under the age of eight. Stacey was receiving Parenting Payment Partnered and her partner was receiving Newstart Allowance. They had recently moved to Melbourne from interstate, hoping to find better opportunities for the partner to work outside the fishing industry. The family had been given notice to move out of a flat two days before Christmas. Stacey had refused to pay the rent owing and had since been having difficulty finding accommodation, due to a bad record with her former real estate agents. In addition, the properties in her price range tended to be two-bedroom flats and houses. While Stacey was happy with smaller accommodation as her children were still young, agents were reluctant to rent such properties to a large family. The family had then lived in a caravan in a friend's front yard until being told to move on, and had ended up in crisis accommodation. The crisis housing organisation required them to continue to look for alternative housing during their stay. At the same time, Stacey's partner was required to look for work by Centrelink. With two infants, and no driver's licence, Stacey was simply unable to fulfil their house-hunting obligations on her own and relied on her partner to drive them to inspect rental properties. Stacey's partner was therefore applying for jobs that he hoped he would not be offered, even though they needed the additional income:

Stacey: Then you've got to go view the house and then come back and fill the paperwork in, and it's just and you can't do that as well as keep a full-time job five days a week, when he's got the car and a licence and I've only got a three-year-old and a one-year-old home from school ... It's sort of like, 'Well, as much as what we need the money and you need to work, you can't till I get a house. You really can't, it's just literally impossible. You cannot just leave me here' ... Get me a house, then my partner can get some work and then I can. It's a vicious circle.

Public housing

For people living in public or community housing, their rent is calculated according to their income. The influence of this on their decisions regarding work varied among those interviewed. Xiu and Ayeen, both mothers with primary school aged children, expressed a strong desire to find ongoing full-time childcare work regardless of the impact on their rent. Tricia, on the other hand, made detailed mathematical calculations about the impact of any wages on her income support payment *and* on the rent for the house which she leased through a community housing program with the same rent structure as public housing.

While the rebated rents available were attractive to the participants living in public and community housing, so was the security of their housing situation. Having affordable accommodation, in itself, offered a greater sense of security, as they felt that they could afford to meet their housing costs on an ongoing basis. Tricia hoped in the future to gain full-time work, which would mean that she would pay market rent. She felt that this would not deter her from taking on full-time work, but that it was important that if her income dropped due to being unable to work, her rent would also drop. Tricia described the importance of secure tenure, particularly having somewhere guaranteed to live in her older age:

Tricia: ... But the greatest thing about the housing apart from the cushion, which is sensational, you know, during times of low money, is that security of tenure. Because um, when I came back here—I was born here, but when I came back here in 2001—I had been through family violence and a horrible situation. I had lost everything and I had gone into the marriage with really quite good assets and a nearly 40 per cent deposit on a house and

all that sort of thing that I myself provided. I came out of it with nothing. I had to claim what little super I had, you know, the \$15,000. I missed out on going bankrupt, just, but I really had nothing. And the year I came back, housing in Victoria, house prices had doubled, and I knew I really had no chance to get back but, um, I just found I was getting shoved from house to house, as the house would get sold.

Interviewer: That was in private rental?

Tricia: Yeah, and you would get pushed sort of further north, um, and then I thought I would get a Ministry of Housing place in [northern suburb], and we lived there I think for seven years. Left there with a lot of, um, well I had to have intervention orders on some kids that were stalking us and things like that. Throwing rocks at us in our back yard. It was really tough, so getting finally into the housing co-op was a process of several years. Um, and getting housed through them—because I joined, but was unhoused for years. Yeah, so that's just enormous, knowing that I won't have to move. And you know, it's inevitable that at some point that I will be paying market rent or more rent, and you know that is sweetened by the fact that I know that I won't be pushed out ... [In private rental] there's a high level of insecurity—I mean I know people who have lived in private rental for years and years, but most people seem to get pushed from one to another.

Pathways into homelessness

The interviews with participants who were experiencing or had experienced homelessness, highlighted the intersections between job loss, the private rental market and long-term income support and homelessness. It was clear how easily a person or family could become homeless, but how difficult it was to regain secure housing.

Bakri was an African refugee who had previously lived in his car and was about to leave his boarding house accommodation to return to the car, due to being unable to afford both rent and car repayments from his Newstart Allowance. Bakri had been advised by his former housing support worker to apply for public housing, but he had been deterred by the waiting time and the fact that he would lose his place if he got full-time work, which was his main priority:

Bakri: I asked them about that and they said, 'You will have to stay on the list for five years, at least five years, and whenever you get a job, they will take you off the list'. It's outrageous. If I am by myself, without another wife or another partner, it is hard to get public housing. It doesn't make sense.

Bakri had been looking for work since arriving in Australia. Through his Job Network provider, he had completed a number of courses, but had been unable to find employment. Shortly after arriving in Australia, Bakri had been approved for a \$29,000 car loan from a bank. He was currently attempting to make the \$200 repayments on his car plus pay \$300 boarding house rent, in addition to paying child support, out of his Newstart Allowance of around \$500 a fortnight. He hardly knew how he was managing to live:

Bakri: If you ask me, I don't know, I don't know, I can't answer you how I am living. I think this week I am going to leave this room, because I am behind for the repayments for my car, which is now \$400 from bank. They are warning me that if I don't pay that amount within two weeks, 'We will take your car, and sell it to get our money'. I have been paying that loan for five years, so at the end, how can the bank take my car? So before I came to [housing service], I was living in my car. The situation is this, to keep my car, I need to leave my room and go back to sleeping in the car.

Bakri was eating every second day. When asked if he was able to access meals at local services, Bakri replied that this was difficult because he was a Muslim and the food offered by these services was generally not halal. He had been assessed by a Centrelink social worker as having a partial capacity to work, and had been referred to a psychologist who had told him that he was depressed—however Bakri felt that talking about his situation did not help, and was concerned that his job capacity assessment might make it harder to find ongoing work. He was also frustrated by the support he had received, feeling that Centrelink and his Job Network agency could have done more to help him find work, and that although the housing service had provided some short-term transitional housing, they had not been able to assist him further.

Bakri: Sometimes I don't know how I survive. One day I eat, one day I don't, I just drink water. But here I say, I have to have patience, but for how long? I can't stay there. That is why next week I am going to leave that room, so I can have my rent income and take my stuff to my car and live again in my car as I was before. I came to [housing service], and I stayed here for two months, and after that—you know I ask myself, how did they solve my problem to take me out of here? But nothing, nothing has changed. They said, 'You can stay here for two months and we will solve your problem', and now I am back again. So they assess my problem and they say, 'You can stay here for two months and we will solve your problem, that's the time we offer here at [housing service]', and then they say, 'You have to go and find a new place to stay'. I can accept that, but for two months now I am living there, but I don't know how I am living. It is very hard for me. I am not worried about the past, but I am worried about the future. It seems like I am in a circle, going around again, living in my car again.

Karen's story featured similar intersections between long-term unemployment and rent problems which also resulted in her living in her car. Karen was 63 years old and now living in transitional housing. She had been unemployed for around seven years, an older worker with a narrow skill set, who had worked all her life in an electrical equipment factory. Karen had been living with a friend who died of cancer. Upon his death, she could not keep up the rent, and moved out. Through a welfare agency, Karen moved into a flat, but was unable to afford the rent there and moved out within a week. She put all her belongings in storage, a weekly cost which she was still paying two years later, and moved in first with her sister and then with a friend until she was asked to move out. Karen had then returned to the outer suburbs, but had been unable to stay with any of her other siblings and had resorted to sleeping in her car. This period of homelessness had a significant impact on Karen's physical and mental health and she had considered committing suicide:

Karen: [I lived in my car for] about seven weeks. It was, I moved in, there was an empty house just behind [outer south-eastern suburb]. So I moved in there and I was sleeping in the driveway in my car so that was bad, really ... So one night I got a knock on the —at 2.30 in the morning I think it was—and who should be there but two police officers. And they said, 'What are you doing here?' and I said, 'Oh I'm living, I've got nowhere to go', and um, apparently they must have rung up somebody and then they said they would put me in a women's refuge but I never heard anything, so they said they would get in contact with me so nothing ever eventuated. So then I thought, oh, I was in the stage of committing suicide and I was really, really bad. I was stressed out because I've got high blood pressure, and I've got diabetes. And there was no way that I could live like that anymore, so I just got to the stage where I thought, I am not going to do this anymore. I had to do something. So I did.

Karen had been placed on the waiting list for public housing. She had brought her diabetes and high blood pressure under control since moving into transitional housing and had received counselling. She did not think it would be possible to find affordable private rental on her own and was therefore waiting for a public housing tenancy.

Alan, a 50-year-old single man, was a client of a housing service and had been unemployed for around five years. A serious knee injury prevented him from working in his previous occupation, as a rigger on construction sites. He was on a waiting list for surgery and was taking morphine every day to deal with the pain. Alan had been renting with others, but while he was in hospital due to another illness, his housemates had not paid their share of the rent and they had all been evicted. As a result, he had approached the housing service and had stayed for a short period in crisis housing until moving into a boarding house six weeks ago. Alan stated that it was almost impossible to find private rental accommodation through a real estate agent and that the boarding house had been his only option. Asked about the conditions in the boarding house, Alan described them as 'shocking' and indicated that he was going to move back to a friend's place to sleep on the couch in preference to staying there.

Alan was waiting for an operation before he could properly look for work, but hoped to regain full-time work in the future. He hoped that this would enable him to find more secure housing and perhaps eventually buy a house. If his knee operation failed, Alan described his alternative as applying for the Disability Pension and public housing.

11 Discussion and policy recommendations

This study exposes serious structural flaws in Australia's income support system. Globalisation and deregulation have brought greater flexibility for labour markets, industry and employers but have resulted in greater job insecurity, higher rates of casual work and reduced career progression, particularly for low-paid workers. Yet the income support system has failed keep up with these changes and to provide greater support and security for income support recipients to manage the risks inherent in these forms of paid work. More broadly, the report shows us a system in which inflexible rules surrounding income support, tax and public housing interact to create perverse outcomes, making paid work not only unattractive, but simply not an option for many income support recipients.

The study shows that income support recipients' decisions regarding paid work not only take into account financial costs, disincentives and incentives to work, but also encompass non-financial factors such as the risk of the low-paid labour market, the needs of children, the impact of housing insecurity and the individual's future goals and aspirations. Taking all of these issues into account, income support recipients make sensible and realistic decisions around paid work but are often constrained by aspects of income support, housing and employment policies and their own personal circumstances.

The majority of participants in the study wanted to work and many were already working. Most participants were also aware of the way their income from paid work would impact upon their income support payments. The unemployed Newstart Allowance recipients who were not primary carers of children wanted to find permanent full or part-time work and understood that this would render them ineligible for Centrelink payments. Single parents and others combining part-time work with income support instead felt that greater incentives to engage in paid work, or increase hours of paid work, should be provided by increasing the amount which could be earned before income support was reduced and decreasing the rate of withdrawal.

In addition to findings regarding financial incentives and disincentives, this research has revealed other issues regarding transitions from income support into work, and the combination of income support and part-time work. The insecurity of work and welfare, particularly for low-skilled income support recipients, appeared to provide greater disincentives for the participants to engage in paid work than the effects of the withdrawal of income support and concessions. The single parents in the study, on the other hand, wanted flexible, part-time work, but experienced difficulty finding *quality* casual and part-time work. They also struggled to combine non-standard work hours with use of services such as child care and before and after-school care, which were generally based on standard work hours. Further, their long-term engagement in part-time or casual paid work appeared to be incongruent with an income support system designed around a 'full-time work or unemployment' dichotomy. This was particularly evident in the transition from Parenting Payment to Newstart Allowance for single parents when their youngest child turned eight.

This report also highlights the impact of housing upon employment decisions and, more broadly, the interrelationship between experiences of private rental, unemployment and homelessness. More specifically, it provides evidence of poverty traps and the negative impact of some housing policies, such as the public housing waiting list eligibility requirements, on the employment decisions of some participants.

Finally, the report illustrates the other personal barriers faced by some unemployed income support recipients. While employment support was not the focus of this study, participants regularly raised concerns regarding training and job placement, and also the need for broader support to deal with personal barriers. This underscores the complexity of their employment decisions and makes it imperative that structural changes to income support are not seen in isolation from the provision of support and training.

These three key inter-related areas—the structure of the income support system, housing policy and employment assistance and support—provide the structure for the discussion and policy recommendations below.

The structure of the income support system

Work incentives, disincentives and costs

Financial and non-financial considerations intersect to form incentives and disincentives to paid work in complex and varied ways. This variety, in part, reflects differences between the Parenting Payment and Newstart Allowance, but also reflects deeper structural differences relating to work and gender and levels of disadvantage. Most of the participants receiving Newstart Allowance but without care responsibilities did not regard the way in which their payments would be reduced by income from paid work as a disincentive to work. They wanted to find full-time work regardless of the fact that it would render them ineligible for income support. The barriers they faced were not related to economic disincentives, but to the availability of full-time work, particularly for low-skilled men, and various personal barriers. The main disincentive faced by the longer term unemployed participants was related to the risks of insecure, temporary work and not to the high taper rate associated with Newstart Allowance, although the low base payment made it difficult for all allowees to cover the basic costs of living including housing. A slightly different view came from the two participants on Newstart who had been assessed with a partial capacity to work and were working part-time. These participants were sensitive to the withdrawal rates as they would be continuing to work part-time; when considering increased hours, they took into account the impact on their income support payment and their health.

Similarly, the majority of participants receiving Parenting Payment were also combining part-time work with receipt of income support. Many were required to engage in work by Centrelink through their activity agreements, but some single mothers with children younger than six were also working despite having no obligation to do so. These parents generally wanted to work part-time and intended to continue to combine income support with paid work until their children were older. The way these two income sources interacted was important for these participants and for many it directly influenced the number of hours they were working, along with other considerations related to the care of their children. Given this strong preference for part-time work in combination with income support, it seems that single parents would be most receptive to changes to taper rates which would allow them to earn more money from part-time paid work. Taking this into consideration, the welfare-to-work changes which move Parenting Payment recipients onto Newstart Allowance (principal carer) when their youngest child turns eight seem to contradict their intention of encouraging paid work, as the new payment has a higher taper rate and a considerably lower earnings threshold before income support payments are reduced.

Very few participants appeared to be aware of the Working Credit scheme, and of the three who mentioned it directly, one misunderstood how it worked. The idea behind offering a working credit for income support recipients who have been out of work is valuable, in that it allows those

returning to work an opportunity to 'get back on their feet'. However, the current offering of 1000 working credits translates into little additional money, and provides little incentive for long-term unemployed to take on work which is not guaranteed or ongoing. Income support recipients who worked 15 hours per week at the minimum wage would use up the maximum 1000 credits in just over a month and those commencing full-time work on minimum wage would use up their credits in around two weeks. Further, Working Credit is not indexed over time, so its real value is declining.

Policy recommendations to increase incentives for paid work, through changes to the income support system

- The complex and ad hoc system of pensions and allowances should be replaced with a single working age payment with top-ups for differing needs including those of sole parents, families with children, people with disabilities, people living alone, and people in insecure housing.
- The Newstart Allowance base payment (or the new base payment, as proposed above, for single unemployed individuals, including those currently on Youth Allowance) should be increased by \$30 a week to provide better quality of life, particularly for those who are long-term unemployed. Increasing the base payment would assist Newstart recipients to focus on looking for work instead of being preoccupied with meeting food and housing needs on the current inadequate Newstart payment.
- The withdrawal rates for Newstart Allowance should be reduced to 40 cents in the dollar for fortnightly earnings between \$62 and \$250 and 50 cents in the dollar for fortnightly earnings in excess of \$250 (compared with the current reductions of 50 cents and 60 cents in the dollar respectively). This would provide greater incentives to work for those people more likely to combine ongoing income support receipt with casual or part-time paid work and for longer term unemployed Newstart allowees.
- Single parents on Newstart Allowance (principal carer) should be entitled to earn up to \$166 per fortnight before their payment is affected (bringing it into line with Parenting Payment). The rate at which the payment is then withdrawn should be 40 cents in the dollar, the same rate as for the Parenting Payment. These changes would recognise that many will combine part-time work with income support for a time, particularly while their children are young, and enable these families to 'get ahead' financially.
- Greater incentives to work could also be provided for longer term unemployed income support recipients by extending the Working Credit system. At present, unemployed job seekers can accumulate up to 1000 credits if they earn less than \$48 per fortnight (for example, a person who has no paid work receives 48 credits, and another who does earn \$40 in a fortnight receives 8 credits). Once the person commences paid work, these credits effectively extend the amount which can be earned before their income support is reduced, with one credit equal to \$1. The maximum credits able to be accumulated should be increased to 2000. This would enable longer term unemployed income support recipients who take a job to 'get ahead' financially by retaining greater benefit longer after entering paid work. The Working Credit system should also be more widely advertised among eligible groups.

Managing risk and seeking flexibility

The intersecting issues of 'flexibility' and 'security' for many of the participants highlight an increasing divergence between the labour market as it has changed over the past thirty years and an income support system still predominantly based on a full-time worker / unemployed job seeker model. Furthermore, the findings clearly contrast the experiences of, on the one hand, those income support recipients who seek greater flexibility and have been able to use flexibility in the labour market to their advantage, and, on the other hand, those who are seeking secure, full-time or part-time work, but find themselves consigned to casual and temporary jobs. These issues were not the intended focus of this study, but it became obvious that the participants not only wanted to 'make work pay' but also, and often more importantly, wanted varying levels of flexibility and security from *both* paid work *and* the income support system.

The more educated and skilled participants had been able to make flexibility work in their favour, particularly in combining flexible work hours or intermittent work with other obligations, mostly care of children. However, some of them also expressed frustration with the rigidity of the income support system and its inability to deal with fluctuating incomes, varying hours, or self-employment. Further, the majority of single parents in the study were engaged in part-time or casual work with regular hours, and the reliability of these hours was extremely important to them so that they could fulfil Centrelink's requirement of 30 hours each fortnight. However, at times this strict requirement had perverse effects and meant that otherwise 'good' jobs were not 'suitable' from Centrelink's perspective.

The longer term combination of part-time or casual work with income support by single parents and participants with health problems also raises questions about how well this arrangement is supported by the income support system. While full-time work has long been seen as the ultimate goal of many employment programs, there is increasing recognition that part-time work can play an important role in encouraging certain groups to participate in the labour market. In particular, part-time jobs can enable carers to combine paid work with caring and may be more suitable than full-time work for people with health problems or disabilities (Schmid 2002, as cited in Millar, Ridge & Bennett 2006). Part-time workers are overwhelmingly women with caring responsibilities, usually with pre-school or school-aged children. However, despite the benefits of part-time or casual work, the associated 'flexibility' of irregular, unpredictable hours and shifts is not easily dealt with by the income support system or the childcare system, and the financial incentives to work part-time appear limited (Millar, Ridge & Bennett 2006).

Further, the changing labour market at the low-skilled and low-paid end presents significant challenges for the income support system. Part-time and casual jobs, particularly in the service sector, have increased, while permanent, full-time jobs have decreased, particularly in male-dominated industries. Many men engaged in part-time or casual work are job seekers unable to find full-time work. This gender divide also reflects the occupational and industrial division of labour.

The interviews with unemployed job seekers can be read in the context of this broader shift. The unskilled or lower-skilled, full-time and permanent jobs that once existed for these men have gone, and younger men with limited skills are likely to face a future of casual work, although they strongly desire ongoing, full-time work. There also appear to be few permanent or full-time jobs available for older workers with limited skills. At the same time, these participants were often reluctant to take on short-term or casual work due to the income support system's failure to provide security and flexibility to enable them to move between work and income support more easily. Changes to the income support system are suggested, not as a solution to poorly paid, insecure work, but in recognition that these job seekers are currently failed by both the labour market and

income support. Clearly it is problematic to suggest that changes to the income support system alone will resolve issues faced by low-skilled, ‘involuntary’ part-time and casual workers.

This dual need for both flexibility and security has parallels with the debate regarding ‘flexicurity’, or the flexibility–security nexus, in labour market policy literature. Confined until very recently to Europe, the idea of flexicurity stresses the need to provide greater security for employees, particularly vulnerable groups, to balance the greater flexibility afforded to industry, labour markets and employers. However, the present study not only shows that the Australian income support system has failed to match greater labour market flexibility with more generous financial support, but it also shows that income support recipients require greater flexibility from the system itself so they can minimise risks in the labour market and better manage paid work and family or non-work obligations. It has been argued that new labour market strategies encompassed by ‘flexicurity’ should ‘transform social policy into a joint risk management by encouraging people to accept more risks, with beneficial externalities for society’ but that greater risk and flexibility must be accompanied by greater security (Wilthagan & Tros 2004). Many of the unemployed participants in this study were well aware of the risks in the labour market for low-skilled workers, but instead of the income support system encouraging them to take such risks by providing a safety net, and the flexibility to move more easily between income support and paid work, the system simply made it safer for them to remain unemployed and living in poverty. That said, greater flexibility and security in income support are not a panacea for the limited job opportunities and poorer conditions for low-skilled workers, so it must be provided in conjunction with employment assistance, support and activation and improved labour regulation.

Further, the experiences of the higher-skilled single mothers in the study, who were frustrated by the lack of quality part-time work in their professions, lie in direct contrast to the frustrations of the lower-skilled, mostly male, job seekers who could not find permanent full-time work. This accords with the idea of a widening divide between ‘retention jobs’ which are part-time jobs designed to retain valuable highly skilled workers and ‘secondary jobs’ characterised by low pay, part-time hours, lack of leave entitlements, limited opportunities for advancement and poor conditions (Tilly 2006). This division creates a dilemma: on one hand, support and incentives for part-time work must be provided for workers, including primary carers and people with disabilities or ill health, who might otherwise have difficulty entering the labour market, but, on the other hand, the income support system must avoid inadvertently supporting the creation or expansion of ‘dead-end’ jobs which trap workers who desire full-time work in part-time jobs and long-term oscillation between paid work and welfare.

Demands for greater flexibility and recognition of single parents’ caring responsibilities came through strongly. These participants sought flexibility in a range of areas—from their employers, from Centrelink in relation to how participation requirements were to be met, and from institutional child care—particularly the hours available, and the ability to change the care days from week to week. It was also strongly felt that sole parents should be allowed to stay on Parenting Payment and not transferred to Newstart Allowance, and that Centrelink and employment service providers should allow greater discretion to take into account the family circumstances, particularly in the 12 months following divorce or separation.

Consideration also needs to be given to ways to support single parents with young children to maintain links with the labour market, or engage in education and training, without imposing compulsory requirements. Increasing the financial rewards from a small amount of paid work by reducing EMTRs could provide some incentive. A number of parents had also benefited from low-cost child care provided through the JET scheme. Expanding this type of program, in combination

with non-compulsory assistance for single parents with younger children including advice, planning and support for long-term paid work aspirations, could ease their transition back into the workforce, rather than simply pushing mothers into any work when their youngest child turns six.

Policy recommendations to provide greater security *and* flexibility for income support recipients to engage in paid work

- Greater security should be provided by allowing all income support recipients to remain ‘on the system’ for 12 months after commencing paid work, despite receiving zero payments. Income reporting should generally be required only quarterly after the first 12 weeks of this period, to reduce the burden of regular reporting. For individuals with a long history of cycling between casual work and income support, a longer period on the system may be appropriate. People who become unemployed again within this period would not have to go through an onerous re-application process and would not be subject to the ordinary waiting period.
- At present, a Centrelink payment can be withheld for 8 weeks if it is determined that the income support recipient became unemployed due to a ‘voluntary act’. This policy should be abandoned because of the working conditions in low-skilled jobs which are frequently both arduous and tenuous. Such work may involve unreasonable demands from employers, though these may not fall within the categories presently considered to be ‘reasonable’ reasons for leaving a job by Centrelink staff (i.e., sexual harassment, bullying, unsafe work conditions). These punitive sanctions, which can serve as a disincentive to taking up paid work, should be removed, and greater support should instead be provided for people engaged in insecure, casual, low skilled work, with a view to assisting entry into ongoing, secure employment with prospects for progression.
- Income support recipients entering paid work should be able to retain their Health Care Card or Pension Card for 12 months after job entry, in order to retain valuable concessions for health care, transport, recreation and other payments.
- Participation requirements of 30 hours per fortnight for single parents whose children are older than 6 years should be calculated quarterly, allowing these parents to work more during some periods and less in others without failing their participation requirements. This would allow greater flexibility, particularly in jobs which do not offer guaranteed hours but are likely to ‘even out’ across a longer time span.
- Alternatively, in addition to the Working Credit system which allows income support recipients to ‘bank’ income, single parents and others subject to similar participation requirements should be allowed to ‘bank’ hours worked in excess of 30 hours a fortnight. Single parents could increase their hours when filling in for co-workers on leave or during busy periods, and then use their ‘banked’ hours to work fewer hours during other times such as school holidays. This flexibility would recognise that single parents experience time pressure, in addition to income pressure, and would also enable them to take on positions with irregular hours but averaging 30 hours a fortnight over a greater period.
- Centrelink should examine ways to make income reporting requirements more flexible for income support recipients engaged in intermittent work, including freelance workers and performers.

Housing

The links between unemployment, high private rents and homelessness were clearly illustrated by participants' stories. Like the comprehensive qualitative research by Dockery et al. (2008a), the stories often identified experiences of fractured employment combined with similarly unstable housing. For some people there was a relatively quick slide into homelessness and a much more difficult journey out again. These interviews highlighted how employment and housing problems can conspire: a lack of housing makes it difficult to find employment, and lack of employment makes it extremely difficult to find affordable housing, leaving a number of participants effectively locked out of both secure housing and the labour market.

While homelessness affected a small number, the majority of participants were concerned about the high cost of private rental and lack of security of tenure. This finding is consistent with other research which has shown that unlike the rest of the population, the unemployed and non-participants in the labour force experience long-term housing stress and chronic housing affordability problems (Wood & Ong 2009).

The insecurity, instability and high rents involved in private renting had also influenced the decisions of a number of participants to apply for public housing. These qualitative findings corroborate modelling by Dockery et al. who identified 'welfare locks' created by the waiting list eligibility criteria. Their research also showed that employment rates improve by as much as 12 percentage points following the transition of working age males into public housing (Dockery et al. 2008b). Longer waiting times and stricter income eligibility rules serve only to worsen these disincentives. While it is acknowledged that most public housing residents, and those waiting to be allocated public housing, are a highly disadvantaged sub-population, and therefore likely to face more complex barriers to entry into paid work, clearly the removal of structural disincentives from the waiting list regulations would go some way towards assisting job seekers move more quickly into employment.

Given the insecurity of private rental, it was not surprising that the security of tenure offered through community and public housing was particularly important. Short-term leases for public tenants such as those introduced in New South Wales would increase housing insecurity for an already marginalised population and potentially create a cycle between private and public renting. Further, short-term leases would create very strong disincentives for people to take on paid employment, much like the 'welfare locks' associated with waiting lists for public housing (Whelan 2006).

Policy recommendations to remove key disincentives to work from housing policy

- Extend 'grace periods' or rent moratoriums to 6 months for all public housing tenants who enter paid work, regardless of when this occurs. (Currently rents are assessed biannually, which means the length of the grace period received by a tenant in effect depends on the date they take up paid work or increase hours.)
- Examine ways to remove 'welfare locks' for applicants on the public housing waiting list. One option would involve maintaining initial eligibility criteria, but then relaxing the income requirements while an applicant remains on the waiting list. When granted a tenancy, the person's rent would be based upon their increased income.

While outside the scope of this research, broader structural issues regarding housing policy clearly emerged as major concerns of the participants. The private renters were all affected by rising rents

and felt insecure about their tenure. The community, public or transitional housing tenants with previous experiences in private rental all placed a high value on the security of tenure offered by social housing, which appeared to be as important as the rebated rents. The rebated rent was also important as it changed with the tenants' circumstances, such that if they lost their job, their rent would be adjusted according to their reduction in income. Ways of increasing security of tenure for private renters should be examined, although outside the scope of these recommendations. Further, broader structural housing supply issues must be addressed, with a focus on affordable and well located housing for people on low incomes. These issues are examined in greater detail in the Brotherhood of St Laurence's recent report regarding tax expenditures and housing, with related policy recommendations (Yates 2009).

Broader policy considerations about employment support and activation

Non-financial benefits of work

The high value placed on work by all participants indicates that policies based upon a perception of income support recipients as 'morally deficient' or having 'poor attitudes' to work are misguided. While not all participants were ready to immediately engage in paid work, this was not related to a negative view of work itself, but to concerns about the risk of insecure work, personal barriers, prioritising secure housing over uncertain employment, and also sometimes to the presence of financial disincentives.

Almost all participants desired job security and permanence, and many expressed a desire for jobs that were meaningful to them. A number of participants wanted to work in an area in which they had skills or experience, and were frustrated that they were being pressured to take 'any' job even if it did not match their skills. While most participants indicated that they would accept these types of jobs, they intended to continue to look for jobs for which they felt more qualified, but were concerned that taking just 'any' job would hamper their prospects in a different field. Some younger participants also strongly desired a job 'with a future' and resented being pushed into full-time work with little regard for their aspirations. Similarly, many of the single mothers participating in the study made a distinction between work that was 'OK' for the short-term while their children required greater attention and care, but also held longer term aspirations often involving career advancement. It often appeared the 'work-first' emphasis of Job Network agencies and Centrelink bore no relationship to the participants' longer term goals and at times worked against them. For the participants facing personal barriers relating to mental illness, drug and alcohol use, prior imprisonment and, to a lesser degree, older age, it was clear that increasing financial incentives to engage in paid work would be of little assistance. Instead, they needed help with more pressing issues relating to their health and housing, or more intensive assistance with job searching and job placement.

As employment assistance and support were not the focus of this research, no specific policy recommendations are made. However, the fact that so many participants raised concerns about inadequate support from Centrelink and their employment service providers, highlights the fact that incentives to work cannot be considered in isolation from policies which support job seekers, particularly those facing significant personal barriers.

It is clear the income support system has failed to keep up with broader social and economic changes. Greater support must be provided for recipients to manage the risks inherent in the current

labour market. More broadly, the study shows us a system in which inflexible rules surrounding income support, tax and public housing interact to create perverse outcomes, making paid work not only unattractive, but simply not an option for many income support recipients.

It is clear that participants in this study wanted to work and wanted policies which would make the path to paid work straightforward, worthwhile, secure *and* flexible. It is our hope that sharing the experiences of unemployed people and sole parents in navigating the current system and making realistic decisions about paid work will assist policy makers to recognise the complexity of these decisions and move towards a system which works with income support recipients towards common goals and aspirations.

Appendix

The participants

In the following list, the income support types are abbreviated as follows:

NSA	Newstart Allowance	PPA	Parenting Payment Partnered
NSA – PC	Newstart Allowance – principal carer	PPS	Parenting Payment Single
YA	Youth Allowance		

ALAN (NSA) 50-year-old single male. He had previously worked in construction, but was unable to work due to a knee injury. Alan had been advised that he would soon be able to have surgery, having been on the public hospital waiting list for some time. He intended to look for work after his operation, depending on the outcome. Alan had a history of homelessness and was planning to leave the boarding house he was living in to stay with mates.

ANDREW (NSA) 51-year-old man, partnered but not living with his partner. Andrew had a history of heroin addiction and many years in prison. Now out of prison for three years, he was living in transitional housing and on the waiting list for public housing. Andrew was looking for work, having just discovered his partner was pregnant with their child.

ANYA (PPS) 39-year-old single mother with a 2-year-old daughter. She was working part-time in horticulture, cash in hand and was renting privately in the outer south-eastern suburbs.

AYEN (PPS) 32-year-old single mother of three, separated from her husband. A refugee from north-eastern Africa, she was working casually as a childcare worker but wanted a full-time job. She was living in public housing in the inner city.

BAKRI (NSA) 41-year-old single old male (separated from his wife and children). A refugee from north-eastern Africa and a qualified accountant in his home country, Bakri had been unable to find work since his arrival in Australia five years ago. He had recently been homeless, living in his car and was about to return to living in his car, unable to afford both the rent for his boarding house room and his car repayments.

BELINDA (PPS) 40-year-old single mother of a 6-year-old daughter. She was working part-time 20 hours a week in finance administration for local government. She wanted to retrain and increase her hours but had found it difficult to get training as a part-time employee. She was living in private rental accommodation.

BRAD (NSA) 36-year-old man, separated, one child (who lives interstate). Brad suffered from medical problems which make it difficult to sustain full-time work. He was living in a squat at the time of his interview and looking for work but was worried about the impact of his health on any future employment.

BRETT (NSA) 29-year-old single man. Brett was living with his parents and had qualified as a librarian. He was looking for customer service or retail work, having been unable to get library work.

CARL (NSA) 30-year-old single man. Carl had received Newstart Allowance intermittently for 12 years. He suffered from serious mental illness. Carl was homeless and currently living in a squat.

CHLOE (PPS) 39-year-old single mother of two children aged 15 and 2. An actress, she who had been working intermittently in film and television and casually with a school theatre group. She was living in private rental accommodation.

CHRIS (NSA – incapacitated) 50-year-old single man. Chris had a recent history of serious mental illness. He had previously been receiving a Disability Support Pension but had been reassessed with partial capacity to work. He was living with parents and working part-time as a bakery driver.

COLLEEN (PPS) 47-year-old single mother of a 9-year-old daughter. Colleen was working part-time two days a week in legal administration and did not want to increase her hours of work until her daughter was older. She was making mortgage repayments on her own home.

DANIELLE (PPS) 40-year-old single mother of two children, 13 and 9. She was working as a receptionist 15 hours a week. Her son had special needs due to a medical condition and she had experienced serious family violence at the hands of her former husband. She was making mortgage repayments on her own home.

DIANNE: (NSA) 58-year-old single woman. Dianne was looking for ongoing work, having worked in short-term, temporary work in recent years. She owned her flat.

ESTHER (NSA – principal carer) 51-year-old single mother of two daughters 16 and 9. Esther worked part-time as a disability support worker and was making mortgage repayments on her own home.

ERIN (PPP/YA) 21-year-old woman, mother of 15-month-old son, partnered (see ZACK below). Erin was studying a range of certificate courses and looking for work. She was about to move from Parenting Payment Partnered to Youth Allowance. She and her family had experienced recent homelessness, were living in transitional housing and were on the public housing waiting list.

EVAN (NSA) 63-year-old man, separated, with adult children. Evan was looking for work and living in private rental accommodation (a bedsit).

FRANCES (PPS) 38-year-old single mother of three boys aged 13, 10 and 6. Frances worked part-time in retail (14 hours per week) and did not want more hours of paid work. She was living in private rental accommodation.

GRETA (NSA incapacitated) 35-year-old single woman. Greta was working part-time for a financial institution and had a history of mental illness. She had been living in crisis housing, but was about to move back into private rental accommodation.

IAN (NSA) 48-year-old man, divorced. Ian had teenage children who were living with their mother. A qualified electrician, Ian was looking for work. He had returned to live with his elderly parents since losing his job.

IRENE (NSA) 46-year-old single mother of a 17-year-old son. Shortly before her interview, Irene had taken herself off Newstart Allowance to avoid reporting requirements, despite being eligible for some payment. She had previously been receiving Parenting Payment Single since her son was 11. She worked part-time in retail and owned her home outright.

JACQUI (PPS) 41-year-old single mother of a 9-year-old daughter. Until recently, Jacqui had worked part-time as a librarian, but had been retrenched. She was looking for casual work and intending to resume her studies. She lived in private rental accommodation.

KATRINA (PPS) 45-year-old single mother of one child aged 6. She had previously held a job as a marketing manager in financial services and was looking for work. She lived in private rental accommodation.

KAREN (NSA) 63-year-old single woman, separated with adult children. Karen was now in crisis housing, having been living in her car. She had been looking for work for around 8 years. Prior to becoming unemployed, she had been a factory worker.

KEITH (NSA) 58-year-old man, separated with one child. Keith shared care of his child with his former wife. Keith's contract position in automotive manufacturing management had ended four months ago, and he was looking for any type of job. He held a Masters of Business Administration. He was making mortgage repayments on his own home.

KURT (NSA- principal carer) 37-year-old man, separated with a 12-year-old daughter. Care of his daughter was shared between Kurt and his ex-partner. Kurt had been on Newstart for four years, with occasional casual jobs in between. He had spent about half his working life moving on and off income support. Kurt's ex-partner had recently returned to full-time work so Kurt had recently transferred to Newstart (principal carer). He was living in public housing.

KYLE (NSA) 21-year-old man, living with his partner (on Parenting Payment Partnered) and their 8-week-old son. Kyle had completed the equivalent to year 10 and moved back and forth between work and income support since leaving school. He was currently looking for work and living in private rental accommodation.

LINDA (PPS) 38-year-old, divorced, single mother of two children aged 8 and 7. Linda was working part-time in retail, and wanted full-time work. She experienced serious family violence during her marriage. She recently purchased her own home in the outer western suburbs and was making mortgage repayments.

MARDIE (PPS) Mother of two pre-school aged children. Mardie was in an 'on and off again' relationship with her husband, and was currently living with her mother, looking for work. She was considering reconciling with her husband, partly so he could help look after the children while she worked.

MARIA (NSA) 54-year-old woman, divorced. Maria was looking for permanent full-time work. From a non-English speaking background, she had been doing 'temp' work in administration and more recently hospitality. She had applied for Newstart Allowance in May 2009 when temporary work became difficult to find. She owned her own home outright.

NICK (NSA) Single man, 32 years old. Nick had been unemployed for around 10 years. He was previously addicted to heroin and had prior criminal convictions, mostly related to thefts to support drug use. No longer using heroin, he had a clean criminal record since kicking his habit. He was looking for work. He lived in the family home which he inherited.

OLIVIA (PPS) 43-year-old divorced single mother of an 8-year-old son. Olivia recently completed Aged Care Certificate III and was about to commence the work placement component of course. She suffered from depression after her divorce but now felt able to work. She owned her home outright.

PHUONG (NSA) Single woman, 42 years old, no children. Phuong lived in private rental accommodation and had prior experiences of homelessness. She was on the public housing waiting

list and looking for part-time work. She was from a non-English speaking background. She had cycled between short-term employment and income support and was currently looking for work.

RACHEL (NSA) 39-year-old woman, married. Rachel worked two days a week in retail and casually as a skilled technician in the construction industry. She had a bachelor's degree in Industrial Design. Since finishing university in 2000, she had been off and on Newstart Allowance when work was not available in her area of training.

STACEY (PPP) 28 years old, mother of four children under 8. Stacey's partner was unemployed. They experienced a period of homelessness after relocating to Melbourne from interstate, unable to find affordable and appropriate rental accommodation. Stacey and her family were currently living in crisis housing.

TAMARA (NSA) 40-year-old single woman. Tamara was sharing private rental accommodation with another tenant. She had resigned from a professional job in financial services due to a stressful work environment, and had been 'temping' since, but was looking for permanent, ongoing work.

TANAYA (NSA) 50-year-old woman. Tanaya had been receiving Parenting Payment Single for around 15 years, and had moved onto Newstart Allowance when her youngest child turned 16. She was looking for work. She owned her own home outright in the outer northern suburbs.

TATIANA (PPS) 37-year-old, divorced, single mother of a 2-year-old daughter. Tatiana had experienced domestic violence during her marriage. She was on the waiting list for public housing and living in private rental accommodation. She was looking for part-time or casual work.

TRICIA (PPS) 57-year-old, divorced, single mother of two. She was living in community housing in the northern suburbs and was about to return to study.

VICTORIA (PPS) 44-year-old widowed mother of an 8-year-old daughter. Victoria was working 15 hours a week as a childcare assistant. She lived in her own home and was making mortgage repayments.

XIU (PPP) 36-year-old mother of a four-year-old son. Xiu was working as a casual childcare worker and wanted full-time work. Xiu lived in public housing in the inner city but wanted to be able to afford to move out.

YASEMIN (PPS) Divorced 40-year-old single mother with two school-aged children. Yasemin worked part-time at her son's primary school and did not want more hours of work, despite being offered a full-time position. She lived in private rental accommodation.

ZACK (NSA) 23-year-old man, partnered (ERIN), father of a 15-month-old boy. Zack had lost his full-time job at call centre six months ago due to increased stress at work which precipitated an episode of depression. Zack's partner had transferred from PPP to Youth Allowance to enable Zack to transfer from NSA to PPP, enabling Zack to study instead of full-time job searching. Zack and his family were living in transitional housing. Zack was looking for part-time work.

ZOE (NSA – PC) 48-year-old divorced single mother of three children aged 17, 15 and 9. Zoe was working part-time in retail, and did not want more hours. She lived in a town in the urban rural fringe and owned her home outright.

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