Redefining Welfare: Australian Social Policy and Practice

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The present paper outlines and analyzes Australia’s welfare reform policies as they have been implemented over the past decade. While there have been numerous social policy initiatives over this period, welfare reform provides an interesting site for analysis and review. This suite of policies and programs is of particular importance from several standpoints. First, its target groups – those needing income security assistance, including the unemployed, people with disabilities, and single parents – are historically and traditionally of concern to social work and social welfare. Second, welfare reform policies have had significant impact on social welfare agencies, and the social workers and welfare workers employed in them. Finally, welfare reform has had a wider impact on inequality in Australia and our attitudes to those in need. This paper first provides a brief overview of the context of Australian social policy and welfare, its origins and current situation. It then outlines the key operational elements of welfare reform and how it has been implemented. The third section of the paper offers a critical analysis of these policies and programs and finally poses some questions and issues requiring further discussion and research.

Keywords Australian social policy; Australian social work; welfare; welfare reform
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Introduction

Australia has traditionally been regarded as the “lucky” country. As for citizens of other countries, shifts in social policy can significantly affect the lives and choices of Australians. Over the last two decades, changes in Australian social policies have dramatically altered both how Australians live and how we compare on a number of indicators with other Organization for Economic Cooperation and Development (OECD) countries. Contrary to popular assumptions about wealth and a carefree lifestyle, Australia is not a country with low levels of poverty or inequality. As economic globalization continues to hurtle onwards, scrutiny of Australia’s comparative position becomes more crucial. Just how has social policy, influenced by well-established universal ideologies of neo-classical economics, and neo-conservatism, changed to redefine welfare and have wider reaching impacts on families, work, health, education and people with a disability?

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The Australian context

Historically, like Britain, Australia developed a number of post-war initiatives which formed the basis of a welfare state based on Keynesian economics. From the early beginnings of Federation in 1901, the Australian welfare system was constructed around the family (Weeks, 2000). It was formulated around the premise of a provider, a male worker who then had the responsibility to support his wife and children. All early efforts to protect the family unit were therefore geared towards wage fixing and protection of wage earners. This was initially handed down as the Harvester Judgement in 1907 whereby a minimum wage was first set based on the needs of a man, wife and two children. For this reason, Australia has been referred to as the wage earners’ welfare state (Castles, 1983). Wages were kept artificially high, a system which both encouraged and allowed families to meet their own needs, thereby entrenching a sense of Australian self-reliance.

Over the following years, other areas of welfare provision such as health, education, social services developed incrementally. Australian social security expanded to provide pensions for widows, people with disabilities and others in need, largely in response to lobbying and influence from different interest groups. (McDonald & Chenoweth, 2006).

During the early 1970s, Australia entered into a range of new measures which resulted in expansion of the welfare state. Through a variety of initiatives, the Federal Government reconfigured its roles and responsibilities to implement and foster social as well as industrial rights. At this time, the income security system was revamped to become more accessible to previously excluded groups such as single mothers. At this time, a universal health-care system, Medicare, which still exists, was also introduced. This was an unusual period in Australian welfare history, but it was highly influential in that it moved Australia to a more comprehensive liberal welfare state with some clear elements of social democracy.

Australia as a federation

Australia is a federation of states and territories, with both a federal (central) government as well as governments in each of the states and territories. All of these jurisdictions include policies and legislation which are directly targeted to specific social problems or populations in need. Viewed simplistically, the Federal Government addresses issues of broad-scale policy intent and provides funds as untied grants to the states who administer the various programs. These arrangements are facilitated and controlled through a series of Commonwealth and State and Territory Agreements. For example, the Federal Government sets the overall policy arrangements for housing, education, disability, health etc. and then hands over responsibility and the funds, to the states who then run public housing services, schools, disability services, hospitals and health services etc. Most of the state social programs are provided by services purchased from non-government community agencies (NGOs) which increasingly include for-profit businesses.

Some key areas, however, have been retained fully within the Federal Government. These include the income security system, payment of pensions and allowances and the delivery of employment services for the unemployed and people with disabilities.
Broader political and economic changes

After the period of more liberal policies in the 1970s, Australia fell under the pressure of global economic policies and its social policies became profoundly influenced by globalization, the rise of neo-classical economics and neo-liberalism.

These powerful influences steadily broke down the old compromise between capital and labor. Tariff protections were also eroded and economic policies focused on the reduction of inflation rather than the generation of jobs. Unemployment and underemployment rose dramatically. At the same time, the government began to downsize its direct provision of social services and severely cut the public sector. Adoption of New Public Management (Osborne and Gaebler, 1992; Peters, 1996) brought in management and administrative mechanisms such as the contracting of services, risk management and compliance regimens to the social services (Wills & Chenoweth, 2005).

Pusey (2003) summarizes the impacts of some of these broader social and political reforms on Australia society as indicted in Figure 1. These factors, along with pressure to adopt OECD recommendations for strong and proactive measures to address the deficits of the unemployed as being the cause of unemployment (Organisation for Economic Cooperation and Development, 2001), established the conditions for the downsizing of welfare and the shift to radical welfare reform, also referred to as workfare. As McDonald and Chenoweth (2006) have stated:

…the combination of reversing commitment to redistribution via wage de-regulation, the ongoing commitment to containing inflation at the expense of employment, the re-shaping of the labor market, the fiscal parsimony, and the linking of income security with employment policy have all lead to the emergence of an understated, barely acknowledged and poorly understood workfare regime in Australia.

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Figure 1 Shifts in Australian society (adapted from Pusey, 2003).
Welfare reform

Australia has experienced a gradual dismantling of the welfare state over the past 20 years. There are considerable similarities between the intent and overall strategy of these policies undertaken in Australia and those in the USA. In Australia, the initial focus for reform was on the long-term unemployed whereas the in the USA the targets were single mothers, so-called “welfare moms.” However, many of the underlying assumptions were the same; for example, the notion that welfare had to be eliminated or at least drastically reduced, that the underlying cause of social problems such as poverty, unemployment and single parenthood lay within the individual rather than social or systemic problems (see Hoefer & Midgeley, 2006 for an excellent comparative analysis of welfare reform in several countries).

Australia’s welfare reform policies and their execution are more astutely revealed through an examination of the two programs which have held carriage of the policies’ implementations – the Job Network and Centrelink.

The Job Network

In 1998, Australia introduced a radical experiment to address the problem of unemployment, the Job Network. A core principle of the Job Network was one of “mutual obligation” – a concept that first entered the welfare discourse 2 years earlier. Mutual obligation required that welfare recipients engage in active job seeking behavior if they were to continue to receive their benefits. The Federal Government disbanded its old national labor exchange employment service and established a network of employment service providers through a process of competitive tendering and contractual arrangements. The Job Network comprises hundreds of services across the nation run by established large charities, smaller NGOs and for-profit providers.

Job Network organizations provide basically two different services to the unemployed, depending upon their assessed degree of employability or risk of unemployability (McDonald, Marston, & Buckley, 2003). Those assessed as the most employable are assigned the basic labor exchange services whereby they are directed to job vacancies. Jobs are listed through a networked electronic information system run by the government. These are accessed via remote terminals located in each Job Network office across the country. Others who have been unemployed for more than 12 months or those assessed as having significant difficulties likely to pose barriers to employment are assigned to another form of intensive case management called Intensive Support Customised Assistance. These clients are assigned a case manager and are then required to undergo a range of assessments, interventions and other intensive inputs in order to get them to the point of job readiness. Failure to comply with these requirements can result in a negative “participation report” and subsequent fines, or cutting off of payments. Negative participation reports are known as “breaches” and the act of lodging one as “breaching.” For example, a Job Network case manager might breach a person who has not turned up for an assessment or training day. Staff in the Job Network tend to be a mix of professionally qualified personnel (e.g. social workers or psychology graduates) and non-professional staff.
It has been difficult to gather data about the Job Network and how it operates. Considine (2001) has described Job Network processes and outlets as “black boxes,” whose inner workings are an impenetrable mystery. Preliminary research by McDonald and Marston (2005), however, has shown Job Network staff have also been subject to disciplinary measures in relation to performance and targets just as clients were through their own organisational procedures.

After almost a decade of operation, the Job Network is now well established, although the provider organizations can change at each round of competitive tendering. There have been concerns that people living in rural and remote areas have poorer access to centers and fewer opportunities for employment unless they move to larger centers. Little research data are available about longer term employment outcomes for Job Network clients.

Centrelink
The second operational arm of welfare to work policy implementation is the national social security organization Centrelink. Centrelink is the key government agency overseeing Workfare and is the primary gateway into the Job Network. Centrelink was first established as a social security department in 1941 and later transformed into Centrelink. It is the primary service delivery agency of the Federal Government, a one-stop shop, providing services on a contractual basis on behalf of an array of government departments. Centrelink determines who is eligible for various forms of social assistance (and the conditions that are attached to them). Centrelink has employed social workers for the last 60 years and currently has approximately 600 social workers in social work-designated positions and a significant number in management positions (McDonald & Chenoweth, 2006). This agency determines who is entitled to benefits and provides referrals to Job Network agencies where appropriate. It has become a highly technologized service using call centers to provide services, computer and Web-based information.

On a typical day, Centrelink IT supports 55 000 business function points in 14 million lines of code through 8000 functions on 3200 screens to 31 000 desktops and 400 LAN servers in 1000 sites. This means that 13 000 users concurrently generate 12 million online transactions each day on 14 million customer records. (Vardon, 2003)

Some aspects of Centrelink’s operations in relation to welfare reform have been researched, in particular how social workers have responded to welfare reform and workfare (McDonald & Chenoweth, 2007).

The current situation
In today’s social and political context, Australia’s welfare to work policies are founded on obligations rather than rights. Welfare benefits are highly targeted and provide fairly low levels of payment. People living on benefits experience significant financial stress as highlighted in the following quote from Towards a Fairer Australia the election statement released by the Australian Council of Social Services:
As Australians prepare to vote in 2007, they face important choices over the future fairness of their country. Australia’s headline figures of economic growth and low official unemployment stand in stark contrast to the daily reality of two million Australians who live in poverty. Despite economic prosperity, one in ten Australians struggle to pay for the bare basics such as housing, food, utilities and health care and often cannot access other essentials such as work, education, aged care, child care, counseling and legal services. The social and economic cost of this disadvantage can be seen in “poverty postcodes,” typically on the outer edges of metropolitan cities and in rural areas, where many people are unemployed, have minimal levels of education, live on low incomes and often have disabilities and illness. (Australian Council of Social Services, October 2007, p. 1)

There is decreasing public support for some types of payments (e.g. for unemployed) (Ziguras, 2006), perhaps because social security is paid out of general revenue. Welfare reform is also expanding. From its initial focus on the long-term unemployed, welfare reform was directed to people with a disability and to single parents in 2006. More recently, proposals have been made that indigenous welfare recipients should only continue to receive parent benefits while their children attend school (ABC Online). Other suggestions have been made that parents with drug addictions should be forced to surrender their children for adoption (Bunce, 2007). These are merely suggested policy at this stage and are by no means established or accepted. However, such ideas do have some traction in the wider community and represent a view that some members of society are more ‘deserving’ than others.

Outcomes

Now in the 10th year since the Job Network was created, it is possible to speculate on the longer term outcomes of welfare reform policies. Australia is currently experiencing a period of economic growth and prosperity with low unemployment figures. However, more than 550 000 people are in receipt of unemployment benefits and 325 000 of these have been unemployed for more than 12 months. In 2005–06 there were more than 700 000 people with disabilities on pensions, many of whom wanted to work and a further 600 000 supporting parents, many of whom also wanted to work (Australian Council of Social Services, 2007).

Many commentators and critics have argued that there has been a re-creation of the notion of deserving and undeserving poor or disadvantaged. Many charities and NGO agencies report higher demand for emergency relief and a widening gap between the rich and poor. Australian Council of Social Services (2007) reports that high levels of unmet needs for community services generally do not compare favorably with other OECD countries. Additionally, there has been an increase in middle-class welfare provisions, whereby, for example, the government subsidizes private health-care contributions, offers first home buyer cash grants (not means tested) and some child-care rebates (Chenoweth, Warburton, & Buckley, 2005).

The main strategy around welfare in Australia has been an investment in employment and efforts to get people into work. This is commendable and a worthy goal given that many people on welfare are highly motivated to be in work. However, the measure of employment is highly contestable – a few hours per week do not provide sufficient income
to meet the basic necessities. It is also a unilateral strategy which has not provided opportunities to pilot other strategies that may be effective, or offered a more comprehensive perspective in causes and experiences of poverty, unemployment and under-employment.

Another unexamined and poorly understood phenomenon is the relationship between welfare and workplace policies. Welfare reform has been accompanied by workplace reforms whereby the capacity to have collective work agreements and protections has been replaced by individual contracts. The outcomes of these policies are, as yet, under-researched and long-term outcomes are unknown. However, many argue that workplace rights have been eroded, making lower paid workers more vulnerable to poorer work conditions. The relationship between workplace reform and welfare reform is certainly complex and requires further analysis.

**Implications and issues**

Welfare reform raises a number of issues and has implications for those in need, for the programs and agency staff who are responsible for its implementation and for Australian society generally. First, welfare reform has been implemented during a time of economic prosperity and high employment. In periods of job shortages the potential negative impact of welfare reform is likely to be far greater. Second, many now argue that such policies have contributed to a degree of social polarization in Australian society and increased inequality. There are also particular concerns for rural and regional communities where jobs are less available and poverty much more deeply entrenched due to the collapse of many farming communities from drought and global commodity price falls.

Third, more unemployed people, especially young people, are now choosing to go “under the radar” rather than apply for benefits and seek assistance. There are concerns as to the long-term outcomes for this group of vulnerable people. The Australian Council of Heads of Schools of Social Work has recently undertaken a study of welfare reform and has identified a scenario of young women in rural areas opting to avoid welfare regimens in ways that may increase their vulnerability.

For those social service workers implementing welfare reform, there are increased demands to meet reporting performance targets, decreased professional autonomy and a more casualized human service sector (Healy & Meagher, 2004). The use of more computer and communication technologies for the surveillance and monitoring of clients has major implications for how social programs will be administered.

Finally, the rolling out of welfare reform has raised questions as to the future role, if any, of welfare in Australian society. Certainly, welfare and income security are no longer social rights in Australia. Obligation and responsibilities have far more currency and perhaps this has led to positive outcomes for some. The idea of a welfare safety net, however, while not completely demolished, does have significant holes. I suggest that the whole fabric of welfare has been redesigned and redefined. These questions require careful examination and further research. Australia has recently elected a new Labor government which campaigned heavily on the impact of workplace reforms. Over the ensuing months workfare and workplace reform has been squarely on the political and popular agenda.
References


