Is social inclusion just a new buzzword? A half time report card on the social welfare policies of the Rudd Government

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Abstract

The ALP Government claims to be pursuing a social inclusion agenda aimed at promoting the participation of particularly disadvantaged groups. This holistic agenda recognizes that disadvantage is caused by a complex interaction of structural, local community and individual factors, and differs significantly from the former Coalition government’s primary emphasis on individual responsibility. The government seems to have a genuine commitment to addressing social disadvantage and has significantly increased the level of social investment in a number of key areas. However, its application of social inclusion principles still appears to be inconsistent and unduly limited by political and budgetary considerations.

The Australian Labor Party seeks to balance its support for free market economics with a concern for fairness and equity. They support an open, competitive global economy based on promoting economic growth and wealth creation, and keeping taxation as low as possible. But they also favour government intervention when markets fail. In the context of the global financial crisis, Labor argues that there is a critical role for government in promoting socially responsible investment, and a more equitable distribution of wealth and income. The overall aim is to more closely integrate social and economic policy, and combine prosperity with fairness (ALP 2009: 13-14; Gillard 2008; Rudd 2008).

However, this paper will argue that there are clear limits to the ALP’s commitment to fairness. The government has still largely left income distribution to the vagaries of the free market. To be sure, the government has intervened at the margins to promote greater opportunities – particularly through education, training and employment – for social and economic participation by key disadvantaged groups. But the government appears unlikely to radically alter either the economic or social welfare policy models bestowed by the previous government. There is certainly no evidence of any major plan to tackle the structural causes of inequality or poverty (Robbins 2010: 451; Steketee 2009).

The ALP Government’s social welfare policies appear to be influenced by two key philosophical concepts. The first is social justice which is generally defined as a fair distribution of life chances, wealth, income, rights and responsibilities. Labor argues that we should ‘protect and support those who face difficulties and disadvantage whether because of disability, illness, old age, misfortune or other factors that make it hard for a person to cope. Labor holds to its tradition of reaching out, embracing, protecting and supporting those in need – as well as supporting those who help people in need’ (ALP 2009: 15).
This concept suggests a continuity with the earlier Labor Governments headed by Bob Hawke and Paul Keating from 1983-1996 which also stated a commitment to social justice objectives. However, in practice, those governments arguably gave greater priority to the economic imperatives of the free market than to income redistribution, and hence contributed to producing greater inequality within Australian society (Mendes 2008: 157-163). This history of tension between support for the free market and promoting greater equity should sound a warning to the ALP that targeting support to particular disadvantaged groups whilst ignoring the root structural causes of inequality may not necessarily produce socially just outcomes.

Associated with the ALP Government’s adoption of social justice is their vocal rejection of neo-liberalism, the philosophy which emphasizes the rationality of the free market, and the necessity for the size and influence of the state and government to be limited as much as possible. Prime Minister Rudd has argued that neo-liberalism – often called economic rationalism in Australia – became the ‘economic orthodoxy of our time’, and is responsible for the global financial crisis. Rudd argues that it should instead be replaced by a social democratic agenda which recognizes the need for government intervention to regulate markets, and provide public goods and services that address social and economic inequities (Rudd 2009).

The second key concept is social inclusion and its counterpart social exclusion. This term broadly refers to people or communities being denied the opportunity to participate in mainstream social, economic, political, and cultural systems, and assumes exclusion from informal social networks, as well as from formal institutions such as work and education. It appears to recognize that structural inequities and individual agency can both contribute to disadvantage. The term originated in France in the 1970s and became popularized through European Commission programs in the 1990s. It became the dominant policy paradigm of the British New Labour Government (Room 1999: 166).

Social inclusion/exclusion assumes that the old focus on the disposable income or expenditure of an individual or household at a given moment in time is too narrow. Instead, the terminology incorporates five key elements in the definition and study of disadvantage. They are:

1. Moving beyond financial indicators to acknowledge the multi-dimensionality of disadvantage such as links between poverty and poor housing;
2. Moving from a static to a dynamic analysis of entry to or exit from poverty;
3. Broadening discussion from the poverty of individuals or households to the poverty of local communities and the question of social cohesion;
4. Movement from distributional to relational dimensions of disadvantage so that we examine not just the individual’s lack of resources, but also their lack of integration into mainstream society;
5. Shifting from a continuum of inequality to assuming that the poor are permanently separated from mainstream resources and relationships (Room 1999: 167-171; Smyth 2008: 658).
The Labor Party argues that all Australians should be able to fully participate in our economic, social and community life. This means ensuring that they can attain employment, access services, establish connections with others in the community, cope with personal crises such as ill health or the loss of a job, and have a voice in the development of services. The ALP policy acknowledges the research of Tony Vinson (2007) which identifies the relationship between specific suburbs or postcodes and chronic disadvantage. It also draws on the experience of the social exclusion model introduced by New Labour in Britain, and by some Australian states. This model suggests that interventions need to go beyond mere income-related poverty in order to address social disadvantage. There is also a need for an evidence based approach, including the setting of targets and the development of detailed plans to meet them. The ALP has elected to target support to particularly disadvantaged groups such as Indigenous Australians, the homeless, children at greatest risk of disadvantage, jobless families, older Australians experiencing social isolation and financial hardship, and marginalized neighborhoods and communities (Gillard & Wong 2007; ALP 2009: 77; Australian Government 2009a).

The ALP Government has established a new Social Inclusion Unit and Social Inclusion Board to assist the most disadvantaged geographic areas and communities to re-enter mainstream economic and social life. The Board is headed by former Victorian bureaucrat Patricia Faulkner, and includes persons from a diverse range of backgrounds including media personality Eddie McGuire, the South Australian Commissioner for Social Inclusion Monsignor David Cappo, Professor Tony Vinson, representatives of non-government welfare organisations such as John Falzon and Tony Nicholson, business people and Indigenous Australians. The government has justified this diversity by claiming that their social inclusion initiatives are not about welfare, but rather about complementary social and economic investment. Their aim is to promote ‘action and hard-headed economics’ which will lead to ‘bottom-up’ measures that empower disadvantaged communities (Gillard 2007).

These objectives appear commendable, but also raise the question as to what will happen to disadvantaged Australians who do not have the capacity to participate effectively in employment training and other social and economic activities. As we will see later, the government seems reluctant to provide these so-called undeserving disadvantaged groups with adequate levels of income support.

Social Inclusion Initiatives: Homelessness and Indigenous Disadvantage

The government has provided a substantial increase in social investment measures. For example, the 2009 Budget allocated major funding to public infrastructure projects concerning public transport and upgrading of roads, green collar job creation and health provision, and also introduced a paid parental leave scheme (ACOSS 2009b).

The social inclusion agenda has particularly underpinned a number of important government policies and initiatives. One is the plan to reduce homelessness which is now estimated at 105,000 people on any given night. The Road Home report released in December 2008 aims to prevent homelessness, tackle the long-term causes of homelessness, and provide access to adequate, secure and affordable housing. The long-term goal by 2020 is to halve overall
homelessness, and offer supported accommodation to all rough sleepers who need it. The report argues that the causes of homelessness are complex, and recognizes contributing social and economic inequities such as unemployment, limited availability of affordable housing, poor life transitions from prison or state out of home care, and neighborhood disadvantage. The report also identifies individual triggers such as family breakdown, substance abuse, family violence and mental illness. For example, it notes that ‘people without support networks, skills or personal resilience, or who have limited capacity due to their age or disability’ are more likely to become homeless (Australian Government 2008a: 24).

The government has provided $6.1 billion over five years via the National Affordable Housing Agreement to fund social housing, assistance to private renters, and support and accommodation for people who are homeless or at risk of becoming homeless. They have also provided additional funding of $1.2 billion over five years to prevent and reduce homelessness and increase the supply of affordable and supported housing for people who would otherwise be homeless (Australian Government 2008a).

The funding initiatives have generally been welcomed by the housing sector (Australian Council of Social Service 2008a). One commentator called this ‘the largest single investment in affordable housing in Australia in the last 50 years’, and argued that it could lead to a serious improvement in the availability of priority public housing (Nash 2009). However, another commentator has noted with concern that the report may reinforce popular beliefs that homelessness is caused primarily by individual dysfunction, rather than by structural inequities (Fopp 2009).

Social inclusion has also influenced the government’s approach to indigenous disadvantage. The government has identified Indigenous Australians as experiencing an unacceptably high level of social exclusion, citing high mortality rates for infants; high numbers of deaths due to accidents, suicide and assault; low school retention rates; and poor labour participation rates (Gillard & Wong 2007).

The government has established a National Policy Commission in order to reduce the gap in indigenous and non-indigenous life opportunities pertaining to health, education and employment outcomes. They have promised particularly to improve the availability of indigenous remote housing, reduce the incidence of chronic disease and enhance Indigenous peoples’ access to mainstream health care, support Indigenous Australians to find and maintain employment, and improve access to early childhood education for Indigenous children. The government has committed to engaging and working with Indigenous individuals, families and leaders to develop and implement strategies to promote better indigenous life outcomes. This includes the formation of a new National Indigenous Representative Body to provide a voice for Indigenous Australians in national policy debates (ALP 2009: 79-81). In addition, the government produced a national apology to the Stolen Generations in February 2008, and also endorsed for the first time the United Nations Declaration on the Rights of Indigenous Peoples. Previously, the Coalition Government had joined only three other countries in opposing the Declaration which was supported by 143 countries (Macklin 2009a).

The challenge facing the government is immense as reflected in the recent Productivity Commission report on indigenous disadvantage. This report shows that whilst in some areas
(e.g. employment, incomes and home ownership) the gaps in outcomes between Indigenous and non-Indigenous Australians are narrowing, in other areas (e.g. substantiated child abuse and neglect and involvement with the criminal justice system) they are either not improving or growing wider. Nevertheless, the report emphasizes that four factors tend to contribute to successful indigenous programs: co-operation between indigenous people and government; bottom up community involvement; ongoing government support; and good governance, within indigenous communities and within government (Banks 2009). The government has promised to include the Indigenous community as active partners in a community development plan to close the gap (Rudd 2008; Macklin 2009a). Evidence from successful indigenous programs in health, education and other areas suggests that the active participation of Indigenous Australians in the development of policies and the implementation of service delivery will be crucial if government plans are to prove successful (Cox 2009a).

Other social policy initiatives

The government has cut the so-called middle-class welfare payments favored by the former Coalition Government by means-testing the Family Tax Benefit Part B and the baby bonus, and reducing private health insurance rebates. At the same time, they have targeted additional resources and support to disadvantaged groups. For example, low to middle income working families eligible for Family Tax Benefit A, pensioners and carers received a one-off payment of up to $1,400 as part of the government’s economic stimulus package (Karvelas 2008a). The government also increased the weekly pension rate for single recipients of the aged pension, carer payment, and the disability support pension from $300 a week to $333 a week including supplements.

But conversely, the unemployed received no assistance from the economic stimulus package, and neither the unemployed nor sole parent pensioners received any increase in their weekly payment. The unemployed remain on $227 a week which is $106 a week below the newly increased single pension (Gordon 2009). The government justified the different levels of payments on the grounds that parenting payment and Newstart were designed as temporary payments for those who will return to the workforce, whilst the other payments are intended to provide permanent support (Swan cited in Schubert 2009).

However, this argument has a number of limitations. Firstly, many sole parents and the unemployed do rely on income support payments for a long period of time, and are even more likely to do so during a time of global economic recession. For example, half of all recipients on Newstart Allowance now rely on this payment for over one year, and 29 per cent have received payments for five years or more (Australian Government 2008b:4; ACOSS 2009a). Secondly, the distinction between different groups of income support recipients seems to be based mainly on subjective readings of public opinion, rather than any objective measures of merit. Groups such as age pensioners and carers seem to be regarded as deserving, whilst other groups such as sole parents and the unemployed seem to lack public legitimacy (Cox 2009b). Thirdly, there is a strong economic as well as compassionate argument for providing additional assistance to the unemployed and sole parents who are seeking work so that they can actually access the resources (clothes, grooming, transport etc.)
necessary to attain employment. Fourthly, a significant number of the long-term unemployed seem to be moving by stealth onto the higher paid Disability Support Pension (Macklin 2009b). Finally, the entrenchment of many individuals and families in long-term poverty is likely to have adverse implications for social cohesion, and lead to greater costs in other areas such as health care and criminal justice (Edwards 2009).

A softer form of mutual obligation

The ALP has appeared to soften the mutual obligation policies introduced by the former Coalition Government. These policies placed compulsory obligations on jobseekers under the assumption that they had an obligation to give something back to society in return for their income support payments. The Coalition had introduced Work for the Dole for job seekers aged 18-49 years, and imposed harsh breaching penalties on income security recipients who failed to meet their job seeking requirements (Mendes 2008: 139-142).

The ALP shares the Coalition’s belief that social rights should be accompanied by responsibilities, and support the principle of mutual obligation. But they argue that it should be a ‘two-way street’, and include positive incentives such as the government taking responsibility for providing training and employment opportunities. They also argue that mutual obligation requirements should be fair, and not unreasonably penalize income security recipients and their dependants (ALP 2007: 89-90; Gillard 2007; ALP 2009: 16).

The ALP established a Participation Taskforce in June 2008, chaired by Social Inclusion Board head Patricia Faulkner, to examine concerns that sole parents and mature-age job seekers found existing participation rules overly rigid and demanding, and counter-productive in regards to accessing stable employment. The Taskforce argued that participation requirements should reflect the particular individual circumstances of recipients rather than a ‘one size fits all’ approach. They recommended that single parents involved in caring roles be given a wider range of activity options including voluntary work and part-time study rather than having to accept any job offered, that victims of domestic violence be excused from looking for work for 12 months, that exemptions should be granted during school holidays, and that single parents caring for disabled children be paid a higher rate (Australian Government 2008c). The government announced in May 2009 that they had accepted the key recommendations of the Taskforce, and would introduce a range of new exemptions and flexible arrangements that recognized the family and community responsibilities of these two groups of recipients (O’Connor 2009).

The government also undertook a review of the existing employment services model. This review suggested that the existing compliance system for job seekers was punitive and counter-productive, and had directly contributed to ill-health and homelessness. They recommended an end to automatic eight week suspensions for jobseekers who receive three participation failures within 12 months. Job seekers who fail to comply will now be reviewed instead via what is called a comprehensive compliance assessment that will identify when a job seeker is unable to meet their obligations due to circumstances beyond their control. A list of vulnerability indicators will be placed on the computer records of job seekers for this
purpose. And the jobless will now have twelve, rather than six months before they have to work for the dole (Australian Government 2008b; Karvelas 2008b).

In addition, the government’s rhetoric has been far more compassionate than that of the previous Coalition Government. The Coalition had regularly used blame the victim language, labelling the unemployed as dole bludgers, job snobs, and work shy (Mendes 2008: 136-137). In contrast, the ALP Government has generally used neutral language which recognizes the complex causes of disadvantage, and favours incentives and opportunities rather than punitive sanctions. However, both Prime Minister Rudd and two leading Ministers implied on one occasion that job seekers were too choosy (AAP 2009; Packham & McMahon 2009), and the government has not revised the title of the work for the dole program despite acknowledging that the term stigmatizes job seekers (Karvelas 2007).

The neo-liberal Centre for Independent Studies has predictably condemned the amendments to the compliance system, and accused the government of acting at the behest of the welfare lobby to undermine the principle of mutual obligation (Saunders 2008). Similarly, the Australian newspaper accused the government of aiding job seekers who ‘would rather laze than work’ (Editorial 2008), and the Coalition opposed any softening of mutual obligation principles (Andrew Southcott cited in Karvelas 2008c).

However, the compliance system remains tough, and the significance of this softer line should not be over-stated. Advocacy groups such as the National Welfare Rights Network (2008) have in fact argued without success that vulnerable groups such as the homeless, the mentally ill, substance abusers, the illiterate, and those who have been subject to domestic violence should automatically be exempted from all aspects of the penalty regime. They have also expressed concern that there remain few protections for those who will be subject to loss of daily payments under the new ‘No Show No Pay’ provisions, and may be left without sufficient income to pay their rent, purchase medicine, buy food for their children, or meet other essential expenses. And they criticized the government for retaining the eight week no-payment option although the government says it will rarely be used.

**A compact with non-government welfare agencies**

The ALP Government’s approach to non-government welfare agencies (NGOs) – also called the non-profit sector - suggests another major difference with the former Coalition Government. The Coalition had actively attempted to suppress the advocacy activities of groups such as the Australian Council of Social Service which receive government funding (Mendes 2008: 130-132; Staples 2008: 279-280).

In contrast, the ALP has recognized the legitimacy of advocacy activities including criticism of government policy, and sought to establish a cooperative partnership with the non-government welfare sector. One of their first actions was to remove the controversial ‘gag’ clauses included in government contracts with NGOs which limited this advocacy role (Franklin 2008; Horin 2008, Murphy 2008). The government also commissioned ACOSS to undertake a consultation process with NGOs with a view to developing a National Compact between the government and the sector. A compact is a non-binding agreement which would
seek to outline how the relationship between the government and NGOs might be strengthened. Key issues to be considered include sector independence, consultation processes, funding arrangements, sector accountability and transparency, and practice principles (Edgar 2008). The report by ACOSS suggested strong support by NGOs for a more collaborative relationship with government based on a recognition of the important contribution made by the non-government sector (Australian Government 2008d).

But there appears to be limits to the nature of the partnership proposed. To date, the government has not considered introducing a community development model of service provision that would grant genuine independence to NGOs so that they can both develop policies and deliver services based on the stated needs of consumers (Fowkes 2009). For the Job Network, for example, this might mean an employment and training scheme run by a local cooperative (potentially involving trade unions and progressive local governments and business people) to meet the aspirations of participants, rather than those of government or providers.

**Enforcing responsible behaviour**

In two key areas, the ALP has essentially mirrored the Coalition’s argument that welfare payments should be conditional on meeting obligations of good behaviour.

The first is the government’s decision to continue the key initiatives of the Northern Territory Emergency Response (NTER). In June 2007, the Coalition Government announced a national emergency plan for remote indigenous communities to counter an epidemic of child sexual abuse. The plan included a range of measures to tackle alcohol abuse, improve school attendance, reform public housing arrangements, and quarantine 50 per cent of all income support and family assistance payments so that the money could be spent only on food, school, rent and other essential items. Critics expressed concern that the intervention was highly paternalistic and not based on any consultation with Indigenous people; that the ‘tough love’ measures were being applied to all Indigenous parents whether negligent or otherwise; that negative sanctions alone were unlikely to resolve deep-seated problems such as child abuse and neglect, unemployment and substance abuse; and that applying restrictions to welfare payments on the basis of race may breach the Racial Discrimination Act (Altman & Hinkson 2007; ACOSS 2008b).

The ALP Government organized an independent review of the NTER chaired by West Australian indigenous leader Peter Yu. The report of the review, which was released in October 2008, agreed that the intervention had made some positive changes in the Northern Territory in relation to improving housing, health and education. But it also argued that the intervention was too top-down, and had failed to engage the communities involved. The report called for an end to the compulsory income management system under which welfare payments are heavily controlled except where child protection or school attendance matters were involved, and urged a reinstatement of the Racial Discrimination Act. Overall the report recommended that the intervention be continued in order to address the unacceptably high levels of deprivation, but urged that it be reframed as a partnership with indigenous communities (Australian Government 2008f).
The government has committed to implementing more active community development and engagement processes with the local indigenous communities. However, it rejected the recommendations of the review report pertaining to compulsory income management, arguing that it had provided benefits for women and children such as increased household expenditure on food and other essential items, less gambling and drinking, and reduced alcohol-fuelled violence. They stated, however, that they would re-draft compulsory income management measures via parliamentary legislation to be introduced in October 2009 to make them comply with the Racial Discrimination Act (Australian Government 2008e; 2009b).

The second area of authoritarian welfare has involved the government introducing trials of welfare quarantining for parents who abuse or neglect their children or fail to ensure their school attendance. The Child Protection Pilot was introduced in selected WA communities from July 2008. The Western Australian Department for Child Protection is able to request that Centrelink manage up to seventy per cent of parents’ income support and family payments to ensure that the essential needs of children at risk are met. Parents will receive income payments through Income Management debit cards which cannot be used to purchase alcohol, tobacco, pornography or gambling (Centrelink 2008).

A separate school attendance and enrolment pilot was introduced in six NT communities and two metropolitan locations in January 2009. State education authorities will be able to notify Centrelink in cases where parents fail to take reasonable steps to ensure children attend school. Non-compliant parents will have their payments suspended. The government has justified these trials on the grounds that linking personal responsibility to financial reward is an effective way of changing behaviour and ensuring that parental responsibilities are met (Macklin 2008: 84-85). But critics have questioned whether sanctions alone in the absence of improved support services including particularly extensive case management will address the complex factors such as poor skills, substance abuse, mental illness and family violence that contribute to child abuse and neglect and poor parenting (ACOSS 2008b: 14-15).

Discussion

The social inclusion philosophy underpinning the government’s social welfare policies seems to be driving a more holistic approach to social disadvantage. The government has demonstrated that it views poverty and inequality as unacceptable outcomes that need to be addressed by government intervention, and it has prioritized groups such as the homeless and Indigenous Australians whose needs cannot be resolved by the free market. The government recognizes that disadvantaged Australians are not all the same, and that a complex range of factors including structural inequities, local community resources, and individual capacity influence outcomes. It seems to accept that social participation may need to be defined more broadly than just involving attachment with the labour market.

However, the government has been inconsistent in its application of social inclusion principles. Whilst it has rightly recognized that elderly pensioners and carers need additional resources to participate in society, it has failed to apply the same assumptions to sole parents and the unemployed. Similarly, it has acknowledged that many income support recipients
have different individual capacities and circumstances which need to be reflected in their job seeking requirements. However, at the same time, the government has applied compulsory income management to all remote NT communities, irrespective of how well individuals can manage their money and care for their children and families. And blanket sanctions have also been applied in the child protection and the school attendance pilots irrespective of the capacity of individual parents. These contradictions appear to reflect political and budgetary considerations, rather than objective evidence. They also reflect a reluctance to challenge free market orthodoxy (Edwards 2009; Robbins 2010: 470) despite the Prime Minister’s rhetorical critique of neo-liberalism (Rudd 2009).

The government has also struggled to translate its rhetoric about creating more bottom-up partnerships with local communities into practice. All income security programs would arguably benefit from more formal consultation with groups representing service users as well as service providers. And equally policies to address indigenous disadvantage including particularly the Northern Territory Emergency Response should involve much greater consultation with and devolution of control to local indigenous communities.

References


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