

Welfare Reform

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THE dismantling of the Commonwealth Employment Service and the reconstruction of government employment services around the contractual undertakings of the Job Network represent an initial phase of a revolution in welfare service delivery in Australia.

Indications of a second phase are contained in the Interim Report of the Reference Group on Welfare Reform, 'Participation Support for a More Equitable Society'. The Report does not detail a specific new welfare structure but discusses principles upon which a new structure could be constructed. It confronts the core issue of the purpose of government-funded welfare support.

The Report paints a picture of the current system as one in which people in need are slotted into a payment recipient category but also one in which support services beyond that are *ad hoc* and unfocused. It proposes a restructuring in which welfare payments are simply one element of a client-focused, results-based support network geared to helping people in crisis and need. It indicates that the current system narrowly addresses income issues but fails, in moral terms, to achieve genuine, caring outcomes.

The Report does not seek to detail how a new system would be administered. But by way of comparison, the key to understanding Job Network is an appreciation of its administration and the direct linking of provider payments to identifiable outcomes for job-seekers.

In Job Network, job-seekers register with providers. Each job-seeker brings to a provider an entitlement to a dollar amount that varies according to the assessed difficulty of placing the job-seeker into work. A se-

verely disabled, long-term unemployed person brings vastly larger income to a provider than does an educated, short-term unemployed person. Job-seekers can shop between providers for services, thus empowering job-seekers and preventing monopolized corruption of the system from occurring. Providers can spend income they receive as they see fit. Provider income is tied to simple tests; the most important of which is whether the job-seeker is off income support because of receipt of independent income.

The evidence is that providers who operate in a caring and sensitive manner are having the greatest success in this market-organized system. The buyer of the services—the community—is receiving better, more fo-

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cusated value for the money available. Job-seekers receive guaranteed services more equitably tied to the level of their need.

On top of the contractually administered Job Network, a new layer has been added—that of reciprocal rights. A job-seeker has a right to receive community-funded job seeking assistance. The payer of the services, the community, has a right to expect

the recipient to undertake genuine effort to obtain work. If a job cannot be found for a job-seeker, the community can expect the job-seeker to provide services to the community in return for income support. If a job-seeker does not want to participate in community services, they relinquish their right to income support.

The idea of reciprocal rights is achieving support in the welfare provider sector, born from a recognition that better services with better outcomes are possible. Further, that human dignity is more achievable when debilitating cycles of welfare dependency can be broken which, in part, is also an objective of reciprocal rights.

The Report on Welfare Reform points in the same direction as Job Network. Job Network addresses the needs of job-seekers. The Report treads into the more difficult areas including single parents, some disability pensioner recipients and mature aged unemployed (see Michael Warby's article on page 13).

The new arrangements recommended by the Interim Report are based around individualized case management and are best understood by reading the very moving, real-life, case studies. The case studies highlight the complexity of welfare support and, although not stated, the tremendous reliance of a truly supportive system on the judgement calls that must be made by welfare workers. It is the people at the delivery coalface on whom any system ultimately succeeds or fails.

In alluding to a system that has strong parallels to Job Network, new arrangements would place people in identified categories under the assistance of a welfare provider. The provider would have authority over the funds that were available to assist a

person in need. The provider would work with the recipient and 'purchase' services required from other providers. These might include training, medical services, accommodation and others—depending on the needs of the recipient. Services would be highly flexible and capable of reacting to crisis situations or taking longer-term perspectives, depending on circumstances.

Then the hard issue of reciprocal rights comes into play. A recipient has a right to receive support services. The community has a right to expect that the recipient will genuinely cooperate to improve their circumstances. The object of the exercise is to have the recipient achieve as much independence as possible. Effort on the part of the recipient is expected and income payments would be reduced where a recipient failed to put in the required effort. Welfare support services would remain available but income support would be dependent on reciprocal rights.

Such an approach highlights a dilemma exposed by reciprocal rights which can be demonstrated by a simple example. If an accommodation centre for the homeless requires that a condition of having a bed for the night is that the homeless person must have a shower, what becomes of the person who refuses a shower? What is the morality of denying access to a warm bed when one is clearly available?

The key questions in welfare are: where is the moral line to be drawn and who has authority over this decision? It is a problem that cannot be left unresolved. If the community is the payer of welfare services delivered, the community must confront and make hard decisions on this issue. Yet the welfare workers delivering the services are best placed to make the judgement calls on when reciprocal rights should come into play. However, welfare workers must not bear any resultant angst for what must be a community decision. Alternatively, welfare recipients must not be subject to unreasonable de-

mands, bad judgement calls or poor service delivery by welfare providers.

Examples of the hard core questions include the following. If a single parent receiving income support fails to undertake job search activity organized with a case manager, at what point does the case manager have the authority to defer, reduce or remove payments? What constitutes a reasonable job search requirement? If a drug addict on disability income

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support refuses to attend drug rehabilitation, when can, or should, the case manager defer income support? If a person with a mental illness has had a job organized but fails to turn up to work, how does the case manager distinguish between non-attendance as a result of the illness and non-attendance being a breach which warrants income-support reduction. Who is to judge if a case manager is being unreasonable? What clear and publicly disclosed criteria should the case manager have to guide judgements?

The dilemma is partly addressed by replicating the Job Network model and allowing welfare recipients the right to have a range of providers available to them who may seek to provide services.

The answers in terms of system design processes are quite clear. What is really being talked of in the Report is the linking of payment of welfare

income and delivery of welfare support through clear contractual arrangements. The question is, what does the payer of welfare services and income expect from the welfare provider and receiver? At some stage the contractual terms must be addressed and resolved.

This should not be done behind closed doors. The Job Network experience provides good reasons why not.

In the first contract period of the Job Network, a significant number of providers ran into financial difficulty and collapsed, putting at risk community support for the new system. The reasons were simple and predictable. Contracts for the lowest level of job support were let at prices below those sustainable for delivery. From day one, providers delivered services at a loss. Excessive secrecy in the design of the early part of the Job Network system led to miscalculation of price. If designers had been better at consulting with likely providers, the problem could have been avoided.

The designers of the new welfare system have the benefit of others' experience. The designers should work from the assumption that, in designing a new system as sensitive as welfare, design errors will be a natural occurrence. Design of all elements, including prices and the triggers affecting reciprocal rights, should be constructed in an open and engaging manner with likely players, including the public.

The Interim Report seems to suggest that assessment of likely triggers may already be occurring within Centrelink but does not indicate how transparent or consultative the process is, or is likely to become.

The decisions that must be made, in these, the hard core areas, have not been addressed in the Interim Report. Yet failure to have these publicly addressed will threaten the viability of a new welfare support system.

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