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Conditional income transfers and choice in social services: Just more conditions and more markets?

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Privatisation is not the only force re-sculpting the rights, power and dignity of recipients of welfare in Australia. As predicted by Peter Dwyer’s idea of the ‘conditional welfare state’ for social security (Dwyer 1998, 2004, 2008), Australian social security payments are becoming more conditional, restricting individual choice (Carney 2011), whereas welfare services are expanding consumer choice (Needham 2011) along with greater reliance on market forces in service delivery. Drawing on the examples of the increasing conditionalisation of social security and the ‘personalisation’ of aged care in Australia, this chapter illustrates this convergence towards a middle ground between respect for individual choice and state paternalism and a rebalancing of the tension between the state and markets.

Social policy writers have long observed that conditions on income support payments can run from negligible, such as Britain’s early history of having, ‘but generally not applying’, a work test on the unemployed (Wikeley 1989, p. 296), to very burdensome, as under contemporary ‘activation’ policies in many countries (Handler 2009, pp. 81–87). Changes in the degree and intensity of such conditions can

Carney, T. 2015, ‘Conditional income transfers and choice in social services: Just more conditions and more markets?’, in Markets, rights and power in Australian social policy, eds G. Meagher & S. Goodwin, Sydney University Press, Sydney.
be studied for their ‘disciplinary’ and ‘surveillance’ effects (Henman & Adler 2001, 2003) or in terms of the political economy of welfare.¹

Recent changes to the form of social security illustrate a move away from reliance on the cash/electronic funds transfers toward ‘in-kind’ transfer schemes. Examples include longstanding ‘food stamps’ in the United States (Tschoepe & Hindera 2001) and other recent voucher schemes, such as the French experiment with low value vouchers (Dallongeville et al. 2010) and Australia’s Forrest Report proposal for a more universal ‘healthy welfare’ card (Forrest 2014); utilisation of representative payee, or ‘nominee’, provisions enabling third parties to control and spend welfare payments for people with reduced decision-making capacity (Social Security [Administration] Act 1999 ‘S[A]A, 1999’ ss 44, 123A–123S; see also Creyke 1991; Komlos-Hrobsky 1989); and hybrid forms (Katz 2010), such as Australia’s ‘welfare quarantining’, which limits what a proportion of a social security payment may be used to purchase, or the method of payment, through the issue of a debit card rather than cash (Billings 2011; Bielefeld 2014). All of these can be evaluated in terms of the impacts on recipient choice, dignity, human rights and impacts on vulnerable populations (Billings 2011; Coven 2001; Ries et al. 2004).

More recently, social policy writers have turned their attention to questions of how welfare services are arranged and provided. Services such as job-matching, or residential care of the aged, for example, were initially configured as state-funded, state-delivered (job-matching) or state-auspiced (aged care), and ‘state-standardised’ services. These packages of services offered few real choices, either for unemployed people (originally managed by a branch of government called the Commonwealth Employment Service), or for frail older people requiring

¹ As Joel Handler (2009, p. 84) observes of the differences between US workfare and EU activation or active labour market programs: ‘Activation and ALMP [Active Labour Market Programs] are considered different from workfare. The Europeans maintain that the idea behind ALMPs is that actively seeking work is about rights and opportunities as opposed to the US-style workfare model that is focused on duties and sanctions … ALMPs embrace a wide range of measures from voluntary training, human capital development, employment and wage subsidies, and job creation to compulsory work programs. There are combinations of carrots and sticks. In contrast, US workfare lacks rewards/carrots and focuses on job first and sanctions/sticks.’
residential care. More recently, such policies have been criticised for neglecting values of human choice and agency, for their alleged inefficiency and inflexibility, and for failing to recognise the diversity and pluralism of modern society. New approaches to service delivery, involving contracting out of state services for-profit companies or not-for-profit agencies, and private arrangements, through measures such as the individual budget and individual choice and engagement of services, have come to the fore (see Meagher & Goodwin, this volume). The various forms taken by such ‘new public management’ (NPM) arrangements for delivery of welfare services in turn raise important issues regarding distributional equity, transparency and public accountability, and outcomes for vulnerable populations.

This chapter steps slightly sideways from these debates to explore an apparent ‘convergence’ towards new forms of social security and social welfare provision whereby, to put it simply, income support is growing ‘sticky tentacles’ that reduce individual lifestyle choices while state services programs are being ‘hollowed out’ to make greater space for consumer choice, under the rather elusive banner of ‘personalised services’ (Needham 2011). The chapter opens by briefly mapping the conceptual landscape being examined, focusing on the key concepts ‘conditional welfare’ and ‘welfare service choice’. Drawing on (minimally updated) examples extant at the time the chapter was first written in 2012, it then presents some Australian examples of a new paradigm taking the place of the traditional welfare state characterised by unconditional cash social security transfers and standardised state-run programs of social services. This ‘new paradigm’ is illustrated through a discussion of the increasing conditionalisation of Australian social security and the increasing ‘personalisation’ of residential aged care. It is tentatively argued in the final section that both trends can be attributed to a recalibration of the welfare state. This recalibration centres on the age-old tension between the state and the market and the search for the elusive middle ground.
What is meant by conditional welfare and social service ‘choice’?

*Conditional income support*

In the real world, all income support is conditional to some extent. Even the as yet utopian idea of a guaranteed minimum income (‘negative income tax’) would be conditional on citizenship for qualification. Classical European social insurance schemes have long tied entitlement durations to the numbers of years of contributions, and may also now impose conditions of ‘activation’ for people of workforce age/capacity. Likewise in the case of taxpayer-funded social assistance schemes operating either as a safety net or as the primary social security system (as in Australia), job search and residence requirements have long placed ‘conditions’ on receipt of payments. The origins of such conditions for the able-bodied run deep into history, including the British Poor Laws (Garraty 1978).

The intensification of conditions attached to workforce age payments across the developed world has been part of a conversion of social security from a so-called passive ‘right’ into an ‘active’ reciprocal bargain between recipients and the state, often now packaged under ‘welfare-to-work’ welfare reforms (Handler 2009; Larkin 2011). As Martin Powell (2000, p. 47) explained of the once quite fashionable Third Way policies of Tony Blair’s Britain, ‘[i]n short, the third way of citizenship moves from “dutiless rights” towards “conditional welfare”.’ While the convergence of welfare-to-work policies across countries should not be overstated (Handler 2009, p. 88), there does appear to be a trend toward increased targeting of income support to people of working age and increased sanctions for non-compliance with new conditions.

What is distinctive in Australia and other countries is the *selective* imposition of additional conditions on certain groups of social security recipients, such as the United Kingdom requiring participation in treatment on the part of addicts (Harris 2010) or, in common with many countries, extension of conditionality to disability payments (Patrick 2011) and, more recently, payments to sole parents. Australia’s trajectory started with active policing of a work test on workforce age payments, before intensifying with adoption of ‘work-fare’ (such as ‘work for the dole’ programs), or requirements to vaccinate children or
take action to collect child support as a condition of certain family payments. This has culminated most recently in measures restricting the way half or more of the amount of a welfare payment for an Indigenous client is spent, ‘quarantining’ part of the money for food and essentials (Billings 2010), an approach later extended to cover behaviours such as child neglect or school truancy in selected regions (Hutchinson, Dickson & Chappell 2011). Although not pursued, in December 2008 a government white paper on homelessness (The road home) had also flagged compulsory rent deductions for public tenants (Gilbert 2009, p. 13), in part based on British Third Way thinking about supported housing (Carr 2005). As was the case with supervisory ‘new paternalist-inspired’ welfare reforms in the United States (Mead 1997), such extended conditionality aims to change values or inculcate certain behavioural standards in specific groups of ‘welfare dependent’ people.

Markets and ‘choice’ in welfare services

Choice and efficiency are the benefits claimed from application of markets to welfare, but welfare markets take many different forms and often combine with other organisational configurations. As Ingo Bode (2009, pp. 164–65) reminds us in On the road to welfare markets, organisational partnerships for the administration of social services are not new: non-government agencies and non-profit organisations, local government, unions and employers, advocacy and pressure groups, professional organisations, and many others have long had a hand in shaping and delivering social services around different parts of the world (Bode 2009, p. 168). Co-payments for accessing a public good like health or aged care, for instance, spread costs between the public purse and private pockets, as well as curbing ‘unnecessary’ utilisation

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2 School Enrolment and Attendance Measures trials were located at Mornington Island and Doomadgee in north-west Queensland, and the suburb of Logan in Brisbane. According to Terry Hutchinson and colleagues (2011, p. 107), at February 2011 there were 82 suspensions of payment (79 for failure of children to attend school, three for failure to enrol). From July 2012 quarantining expanded to five regions (Logan and Rockhampton in Queensland, Bankstown in Sydney, Greater Shepparton in Victoria and Playford in South Australia), and ‘financial vulnerability’ joined child neglect as a basis for quarantining of between 50 and 70 percent of each payment (Billings 2011).
through a compression of choice. Examples of this include patient co-payments for medical consultations or drug prescriptions (Carney & Ramia 2009; Sweeny 2009).

Bode’s focus is government pursuit of ‘some purposeful social policy objectives … by means of distinctive regulations,’ through what he terms ‘managed welfare markets’ (Bode 2009, p. 165 [emphasis in original]). Often called ‘quasi-markets,’ these involve government contracting with private providers for provisions of services, also referred to as the purchaser–provider model (Wanna, Butcher & Freyens 2010, Ch 5). The radical transformation of the state job placement service, the Commonwealth Employment Service, into the dispersed network of privately contracted employment services providers known as the Job Network (now Jobs Services Australia) has been told extensively elsewhere (Carney 2005; Carney & Ramia 2002a; Considine 2001; Considine, Lewis & O’Sullivan 2011) including most recently its implications for non-state (civil society) providers (Wright, Marston & McDonald 2011). In a more heavily regulated form, the Australian residential aged care arrangements discussed later in the chapter also already incorporate a purchaser–provider model.

Public subsidies rewarding private action, such as tax incentives for buying additional private superannuation coverage, for their part serve to shape individual choices within private markets (see Adam Stebbing’s contribution to this volume), though Bode argues that neither co-payment nor subsidy models create a welfare market properly so-called. Rather, for the purposes of the present chapter, Bode’s concept of a subsidised welfare market is most pertinent. For Bode, these are characterised by more interventionist controls and conditions; and what he terms direct payments, including vouchers, enabling consumers to choose and control the purchase of services such as for disability, personal care or other human services (Bode 2009, p. 166). As explained later, this maps conceptually to Australia’s aged care (and disability) reforms of interest in this chapter.

In sum, the emergence of managed and subsidised welfare markets have constituted a hollowing out of former state ‘template-delivered’ social services, ostensibly in the interests of greater consumer choice and government efficiency. This has occurred in conjunction with a trend towards greater conditionality of income support. This brief sketch of
the territory being considered is perhaps better understood in light of two recent Australian case studies.

Case studies of Australian conditionality in social security and welfare services

*Conditional social security through ‘quarantining’*

Historically, all Australian social security, other than compulsory superannuation, has taken the form of tax-funded social assistance. With its history of a ‘workers welfare state’ constructed around a highly selective and means-tested program covering all major life contingencies (Carney 2002, 2006), Australia’s social security system until very recently relied entirely on unrestricted cash transfers, combined with concession cards\(^3\) qualifying holders for various ‘fringe’ benefits, such as lower utility charges or transport fares.

However, in 2007, selected groups such as Indigenous communities and neglectful parents were singled out by the former conservative Howard government (1996–2011) for an authoritarian form of involuntary management of their welfare payments, as part of a suite of health, education and other measures presented as being designed to tackle coordination of school attendance or policies to regulate alcohol and drug abuse and child protection (Goodwin 2011).\(^4\) While distantly supported by the government’s McClure *Report on welfare reform* (2000), which favoured ‘bundling’ income with other needed supports, the

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3 Such as the pensioner concession card or the seniors and (lower income) healthcare cards: *Social Security Act 1991* (Cwlth), Chapter 2A, Part 2A. 1. These cards qualify holders for certain advantages such as lower caps on charges for pharmaceutical prescriptions, and state and territory governments which for convenience choose to direct transport, utility and other concessions to the aged or low-income groups to card holders.

4 These reforms have their origins in the Aurukun ‘community justice agreements’ and the wider knitting of education, health, housing and income support (Hatami 2006, p. 27), and the ‘mutual responsibility agreements’ (McCausland & Levy 2006) developed for 100 or so Indigenous health, housing and other programs when the Aboriginal and Torres Strait Islander Commission (ATSIC) was abolished in 2004 (Anderson 2006).
whole package of measures was highly paternalistic and redolent of ‘social control’ measures. So far as income support was concerned, a new ‘income management’ regime was legislated, covering three different groups of people (Sutton 2008): (i) all citizens living in declared (Indigenous) geographic areas (essentially confined to the Northern Territory); (ii) individual Australians anywhere in Australia selected for income management due to concerns about child protection, school enrolment or truancy; and (iii) those Indigenous citizens living in Queensland, individually selected for income management after a hearing by the Family Relations Commission, a new state body with membership from Indigenous communities (S(A)A, 1999: s123TA). In the Northern Territory alone, as at June 2008, there were ‘over 13,300 individuals’ subject to the scheme; covering ‘53 communities within prescribed areas and in 46 town camps located in major centres’ (Australian Government 2008).

The legislation provides for half or more of payments to be received in the form of a ‘voucher’ akin to a food stamp (in practice 50 to 70 percent of the payment) and the remainder in cash, with the restricted ‘basics card’ portion confined to paying for ‘priority needs’ as defined (such as food, clothing, housing etcetera), and unable to be spent on ‘excluded items’ (such as alcohol, gambling, tobacco and pornography). The scheme was expanded late in the term of the Gillard Labor government to include non-Indigenous citizens and by including additional behavioural conduct (such as child protection or addictions), and indicators of individual vulnerability (teenage mothers5 and jobless families6), piloted in regions with a high population incidence of such

5 When the youngest child reaches six months of age, a Centrelink information interview explains ‘what they will be required to do … once their youngest child turns one, including the services and assistance that they can access.’ This includes ‘developing a participation plan’. Plans focus on reaching Year 12 or equivalent and ‘getting good early health and education outcomes for their children.’ Parents need to agree to comply with the plan. They are supported by a range of extra services in these locations.

6 Trial participants were obliged to satisfy certain requirements. Failure to attend appointments/workshops without a reasonable excuse, including to discuss an Employment Pathway Plan, or failure to sign a plan, led to suspension of payments until attendance at a rescheduled appointment/workshop releases payment (with full back pay). Under ongoing versions of these sanctions, advice of a reasonable
indicators. While the sanctions of loss of payments for some of these new groups are less punitive (for example, for teenage mothers) than for other workforce age payments for which recipients are subject to participation plans (Employment Pathway Plans) and/or quarantining, intensive case management contacts are still required for all, leaving such people vulnerable to loss of income for failure to co-operate with more active engagement.7

These measures can be viewed in a positive light as designed to tackle the more entrenched pockets of disadvantage, in accordance with contemporary thinking about how to shape a social inclusion agenda. However, from a more critical standpoint they remain problematic on both human rights (discrimination in the provision of welfare) and efficacy grounds (Billings 2010), despite being broadened beyond the Indigenous community (Billings 2011). Choice rights of some recipients are still being compromised in the interests of ill-defined broader welfare objectives, and clients’ power and dignity are diminished.

The predicate here is that lack of employment or other conditions of welfare dependency for individuals or their families (such as a focus on child neglect or addictions) not only can be attributed to individual rather than external structural factors (problematic in itself), but also that the individual retains sufficient agency or choice over behaviour for it to be ethical to utilise loss of benefit payments or other sanctions to alter that behaviour. Behaviours such as gambling or addiction (both included on the list of prohibited expenditures) are just two of those which fail this test (Macdonald et al. 2001). Both are well recognised

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excuse avoids suspension, but failure to attend rescheduled appointments/ workshops may again trigger suspension. Plans may include activities that focus on the health, wellbeing and education of the child and the education of the parent, as an alternative to looking for work, but will not include compulsory requirements to place children into childcare or to look for or accept work. Where activities are voluntarily included in the plan, and cannot subsequently be met, the plan must be renegotiated. Parents in the teenage parent trial failing to comply with activities in their plan could have their income support suspended until they provide evidence of participation, but jobless family trial participants were exempt from this.

7 Centrelink states that neither ‘sanctions’ nor ‘debts’ are incurred for failure of jobless families to comply with activities of their Employment Pathway Plan, ‘but other sanctions such as more frequent interviews with Centrelink and suspension of income support will apply’.

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as having medical or learned components necessitating often lengthy treatment programs, and thus are not responsive to simplistic moral notions of ‘deciding’ not to gamble or drink. That is not to say that major benefits might not accrue to the dependants of the person (for whom money otherwise devoted to the grog will be available for food and necessities), but however worthy as an objective, this does not validate the assumption for quarantining the income support of the individual recipient.

A different narrative unfolds in the next case study, analysing expansion of choice in welfare services for the aged requiring residential care.

Easing conditional social services for the aged in Australia

Australia’s model of residential care is a mixed model, reliant on for-profit or not-for-profit providers, funded through a combination of means-tested elements along with universal characteristics, akin to schemes found in Austria and France (Productivity Commission 2011a, vol. 2, p. 22, Appendix D).

Residential aged care is a small sub-set of Australian aged care services, accounting for approximately 220,000 people at any one time, with around 60,000 each year accessing respite care (see detailed elaboration in Productivity Commission 2011b, p. 11, pp. 15–16). More than nine in 10 (92 percent) of older Australians live in private residences (with family or alone). Approximately 2.3 million people provide some informal care of the aged, a proportion of whom qualify for income support, a carer allowance or carer payment.8

8 Carer payment, paid at effectively the pension rate ($776.70 per fortnight single from September 2014), requires a high minimum objective rating score under an objective rating instrument regarding the needs of the person cared for (under the Adult Disability Assessment Tool, ‘ADAT’), care in a private home, and ‘constant care’ (broadly interpreted as care equivalent to a full time job): s 198; Re Del Vecchio and Secretary DFaCSIA [2007] AATA 1145, and Re Confidential and Secretary DFHCSIA [2010] AATA 551. Carer allowance, paid at a low rate ($121.70 per fortnight in September 2014) also is available only on the basis of a minimum ADAT score, must be provided daily in a private home, and also must be for at least 20 hours a week where the person cared for lives elsewhere in another private
Government involvement in Australian residential aged care arrangements began with capital funding of non-government providers in the mid-1950s, followed by payment of ‘nursing home benefits’ in 1963. Market failure as ‘for-profit’ providers replaced not-for-profit (often religious) providers from the 1970s (Carney 1997; Carney & Hanks 1986, pp. 204–21) led to united political action to regulate the quantity, price and quality of residential care (Courtney, Minichiello & Waite 1997; Productivity Commission 2011b, Appendix E). To correct for concerns such as over-institutionalisation of the aged population, inequitable access, or poor standards of care, operators have been required to be approved9 and obtain an allocation of places approved for each geographic region, based on demographic indicators of expected need. Entry into residential care has depended on obtaining a favourable recommendation from multi-disciplinary ‘aged care assessment teams’ (ACAT), based on medical need and capacity for community care (Productivity Commission 2011b, p. E15; Carney 2013a),10 though limited places meant approval did not guarantee entry (Productivity Commission 2011a, vol. 1, pp. 104–11), and quality control through sanctioning of unsatisfactory providers proved to be a rather crude and ineffective quality assurance device (Ellis & Howe 2010).

The Productivity Commission’s inquiry report, Caring for older Australians (2011a) recommended a radical restructure of these regulatory (and associated subsidy) arrangements in order to promote values of individual ‘choice’ and generally create a more diversified market for aged care services, mirroring similar trends discerned in provision of disability services (Fisher et al. 2010). The commission pointed out that

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9 Approval requires demonstrated compliance with ‘aged care principles’ and other conditions under Part 2.1 of the Aged Care Act 1997 (Cwlth), along with the ‘certification’ process set out in Part 2.6, and quality accreditation standards in Part 4.1.

10 The national target ratio of aged care per 1,000 people aged over 70 be achieved by June 2011 was set at 113, made up of 88 residential (evenly split between high and low care) and 25 community-based predominantly low care places (AIHW 2010, p. 15), and in June 2009 it stood at 110, though actual provision in Western Australia, Queensland and the ACT was lower (AIHW 2010, p. 16).
the system struggled to meet demand for residential care, or diversify to cater to the needs of residents’ expectations of being able to purchase ‘extras’ in order to better tailor care to their individual aspirations (Productivity Commission 2011a, vol. 1, pp. 101–38). An overall perceived lack of variety of service offerings underpinned its recommended shift to a more flexible, more market-sensitive, model of delivery.

The Productivity Commission’s proposed package of reforms (Productivity Commission 2011a, vol. 1, pp. xxiv–xcii) have since been partially adopted by government (Australian Government 2012), including abolition of the former distinction between high and low care residential places, access to entry bonds and higher co-payment contributions for all residents who can afford to pay and an ability for facilities to charge for ‘extras’ (de Boer 2012). Accountability and regulatory agencies proposed by the commission were fully established: an Aged Care Financing Authority (to set a price, which may or may not reflect the cost of providing the service), an Aged Care Quality Agency and an Aged Care Reform Implementation Council.

Of these, the personalisation of care to realise greater choice is the issue of greatest interest for present purposes.

**Personalisation of support**

The idea of ‘personalisation of support’ through a more consumer-directed, person-centred residential aged care system offering greater choice (Productivity Commission 2011a, vol. 1, pp. 111–13), was adopted in a very modest way by the Australian government.

The proposal for a single ‘gateway agency’ into all services, assessing client needs (and to some extent preferences) regarding an overall ‘package’ of subsidised services, was adopted, though its scope was initially unclear (de Boer 2012). However, the idea of making a ‘choice’ between competing service packages offered by approved providers, (Productivity Commission 2011a, vol. 2, pp. 166–74) is only to be trialled (de Boer 2012). This was welcome recognition that choice can be very problematic, especially for groups such as the frail aged, with empirical studies showing that even Australia’s present system proves very difficult to comprehend both for aged people and their families, arguably overtaxing their capacity to make wise choices (Wilson, Setterlund & Tilse 2003). Even so, as public resourcing models switch
from program-based funding to individualised cash funding allocations which can be spent as service users sees fit (for an Australian review: Fisher et al. 2010, pp. 7–13), the complexity of the choices demanded of aged care recipients can only increase, along with workforce pressures on providers (Baxter, Wilberforce & Glendinning 2011).

Since many users of residential aged care are frail or very elderly, family or other carers will increasingly be in short supply, placing added demands on the pool of potential substitute decision-makers appointed under (now disfavoured) durable powers of attorney or public guardianship. This will also challenge the viability of the ‘supported decision-making’ approaches so strongly favoured under the Convention on the Rights of Persons with Disabilities (Carney 2012) and the blueprint provided by the Australian Law Reform Commission (2014) and the equivalent but largely untested brokerage/substitute decision-making in other fields such as disability services (Tilse et al. 2003; Tilse et al. 2005). By risking not being able to deliver the informal support promised, this set of reforms arguably taxes the ability of civil society or government systems to deliver equity and security to match the theoretical expansion of ‘choice’ rights (Carney 2013b). Personal budgets, then, are potentially empowering of individuals and their rights if soundly implemented and well resourced but, if poorly implemented, also risk short-changing citizens by detraacting from the right to quality welfare services, leaving vulnerable consumers open to exploitation such as ‘elder abuse’ at worst or disregard of their wishes and values at best (Carney & Beaupert 2013).

In assessing the advantages of personalised support, account must also be taken of other counter forces pushing to re-homogenise what markets offer. In an analysis of National Health Service (NHS) hospitals in the United Kingdom, Patrick Brown and Mike Calnan (2010, p. 16) argue that a pervasive ‘culture of targets and audits’ has accompanied the widespread contracting out of services to third-party providers, under the neoliberal philosophy of NPM. Among other casualties, clinical trust and professionalism are undermined, while institutions experience ‘risk colonisation’, leading to bland or lowest common denominator provision of services (Brown & Calnan 2010, p. 15). Illustrative examples in residential aged care can include food hygiene standards precluding serving of soft-boiled eggs, or excessive incursions on the
rights of aged residents to form sexual relationships (especially those with mild dementia).

Explaining and theorising the trend towards conditional welfare

Various theoretical explanations might be suggested as drivers of this convergence of choice and paternalism, a social policy trend which can be read equivocally either as ‘beneficial’ (in the sense of building individual capacity and resilience) or conversely as rights-restricting and disempowering, as discussed in this chapter. However, none of the theories briefly outlined below are entirely convincing, leaving this writer to suggest that pragmatic political trends may be more important in explaining Australian trends.

New governance?

A range of social policy commentators suggest we have shifted to a new form of governance whereby various levels and types of public and private decision-makers form flat structures of mutually interdependent networks, yielding consensual positions which achieve governance through ‘soft law’ rather than Weberian command-and-control methods (see, for example, Héritier & Rhodes 2011; Lindsay & McQuaid 2009; Van Berkel 2010). One theoretical explanation of the trends reviewed in this chapter, then, is that they reflect these changing fashions of governance. Paul Smyth (2008, p. 55), for instance, argues that we are witnessing a new era of closer partnership between the various ‘pillars’ of social policy. Whereas the former welfare state era policies either promoted ‘citizen-based social development’ or adopted market-based models which ‘sought to restrict welfare to the deserving few’, he contends that ‘a new set of goals is forming around social investment in an inclusive society in which all people have the opportunities to realise their capabilities’, entailing such a new form of collaborative or ‘networked’ governance (see also Damgaard & Torfing 2010; Hemerijck 2009, p. 89; Wanna et al. 2010, pp. 289–95).

Certainly, the Australian convergence of the state-imposed control of social security alongside expanded client-choice-autonomy settings for social services can be partially explained by the rise of network gov-
ernance, given its focus on consensual or lowest common denominator elements, though some contest this as just another expression of neoliberalism (Davies 2009). But it is a partial explanation at best, as there are many other forces at work in the ‘recalibration’ of the welfare settlement, including: globalisation, demographic ageing, changed family and work patterns, and so forth. Indeed, trends towards reconfiguring the former welfare state to ‘create and develop welfare markets, that is social welfare provision operated by market actors’ (Bode 2009, p. 162 [emphasis in original]), were noted over a decade ago as characteristic of ‘third way’ policies (Lazar & Stoyko 1998, p. 22), as under quasi-markets like Australia’s Job Network.

**Neoliberalism**

Neoliberal confidence in markets is frequently advanced as a basis for welfare reform (Beeson & Firth 1998; Carney & Ramia 2010; McClusky 2003). Although there are a range of arguments against ‘leaving social provision to markets’ – including the view of the then Australian Treasury Secretary Ken Henry, who pithily observed (2009, p. 10) ‘leaving fairness solely to the market to determine should be unacceptable to a civilised society’ – in its emphasis on individual choice and market mechanisms, the Productivity Commission was undoubtedly strongly influenced by neoliberal sentiments in framing its residential aged care reform proposals.

While it is somewhat ironic that history suggests that adverse social equity outcomes resulted from the mistakes of under- and mis-regulation of publicly financed Australian aged care at its very inception in the 1960s and 1970s (Carney & Hanks 1986, pp. 206–12), it is also true that neoliberalism is by no means the only reason for the rising popularity of personalised welfare support. As Andrew Power, Janet Lord and Allison deFranco explain in their detailed comparative study of ‘personalisation’ and empowerment reforms of disability services in the United States, Canada, England, Northern Ireland, Sweden, France and the Irish Republic, there are also strong philosophical, human rights and theoretical justifications for the shift, including the influence of ideas of active citizenship, the ‘developmental welfare state’ and obligations under international treaties such as the *Convention on the Rights
of Persons with Disabilities (Power, Lord & deFranco 2013, p. 8). Again, this theory offers an incomplete explanation at best.

Remaking and restricting citizens?
The expansion and intensification ‘conditional’ social security brings also offers itself to several interpretations in addition to those canvassed already. Analyses suggestive of Foucaldian extended (and almost invisible) social control through technological ‘soft’ surveillance and moulding of the lives of citizens clearly have some purchase in explaining the trends in social security (Henman 2004; Henman & Adler 2001, 2003), as also does the idea of construction of the ‘docile’ citizen (Hartman 2005). However, so far as conditional welfare is concerned, much of its intellectual underpinnings can actually be traced to writing in the vein of Lawrence Mead (Carney & Ramia 2002b; Mead 1997) and to the somewhat simpler social policy idea that people cannot be re-empowered as autonomous human agents without supervision and direction to remake their values and attitudes in ways more congenial to society and the domains of work (Green 2002; Macgregor 1999).

As has been shown in this chapter, the Australian experiment with welfare quarantining does fit this narrative of use of state power to remake individual values, in that it openly and directly targets socially dysfunctional behaviours such as excessive drinking, school absenteeism, child neglect and consumption of pornography (Billings 2010; Bielefeld 2014). Likewise, the requirements imposed on addicts in the United States and United Kingdom are another example of the ‘responsible’ agenda (Harris 2010). As John Chamberlain (2013, p. 100) writes in a review of the extensive literature by authors such as Nikolas Rose on the notion of the ‘enterprise self’ and neoliberal governmentality, its agenda of ‘dual advocacy of the self-regulating free individual and the free market’ has assumed a ‘near-hegemonic position’. This self-actualised or ‘enterprised self’ is shaped and governed by a series of ‘rationalities’ such as those of individual activation (citizens as ‘entrepreneurs of the self’), competition, self-reliance and accountability for actions and consumerist framing (Chamberlain 2013, pp. 98–100). Or as Nikolas Rose and Peter Miller (2010) write specifically on welfare, it can be portrayed as an exercise in the construction of citizens capable of exercising ‘regulated freedom’. But once again, the material canvassed
in this chapter also resonates with a more pragmatic and less theoretical explanation.

Conclusion: No single or clear overarching narrative?

Convincing overarching narratives are hard to find for this convergence around the hybrid forms of ‘managed-markets’ exemplified by conditional welfare and the greater personalisation of social care services like residential aged care.

At a purely descriptive level it is evident that two different images of choice are in play. In conditional welfare the fungibility of cash payments and the alleged lack of sufficient conditions or obligations is constructed as failing to re-shape poor behavioural characteristics (such as lack of a work ethic or irresponsible spending or addictions); here paternalist corrective intervention is the virtue to be pursued. With the personalisation of welfare services, choice itself is constructed as a virtue which is being unreasonably compressed by rigid bureaucratic state service delivery systems or excessively detailed controls; here paternalism is the vice to be tackled. As each sector moves from polar extremes of comparatively untrammeled choice (as-of-right cash transfers for social security) and paternalism (one-size-fits-all state-run services), towards a rebalancing of choice and paternalism, it might be argued that this degree of convergence is just a welcome pragmatic embrace of more nuanced and sophisticated policies.

On the other hand, as this chapter has shown, the theoretical justifications for the restriction of choice (quarantining) or its expansion (personalised support) proved to be rather thin. Such recalibrations thus risk falling victim to excessively zealous and sweeping adoptions of new configurations without a sufficient evidence-based foundation or subsequent critical evaluation of the impact of the policy change. For example, currently popular narratives like ‘personalisation’ of welfare conceal old dilemmas. Catherine Needham (2011, pp. 62–63) raises one of the more pertinent to this chapter when she asks:

[H]ow do you make sense of your relationship to the state when you are placed in control of a personal budget, and exorted to strive for self actualisation, while at the same time being subject to strictures to
enter the labour market on whatever basic terms it is possible to get a job?

Networked governance is another popular contemporary concept to come into question for blurring important policy debates, including from commentators such as Jonathan Davies (2009).

To take a contemporary policy example, it is therefore cautioned that Australia should not rush too quickly into legislation replacing substitute decision-making with ‘supported decision-making’ schemes. Such reforms need to be well grounded in an evidence base and rigorous evaluation of the quite distinctive (and limited) contributions able to be made by law, formal policy or other normative civil society and family processes. Otherwise, such reforms may fail to provide the intended complementary assistance in the realisation of the objective of ‘personalisation of choice’ in services for vulnerable populations such as people with a disability (Carney & Beaupert 2013). Identical conclusions have been reached from a meta-review of international studies (Kohn, Blumenthal & Campbell 2013). Similar warnings about the lack of specificity of proposals have been levelled at ‘social inclusion’ programs, which Davies (2005, p. 23) earlier rather tartly characterised as:

[A] contract, in which the individual pledges to take responsibility across the full spectrum of social life – from maintaining employability to maintaining a healthy lifestyle. The state is re-shaped to bear part of the risk that such responsible individuals face, but in ways that minimise dependency and the social wage. The wealthy appear to be largely exempt from any additional obligations.

Again, these debates have salience for Australia (Carney 2007).

One of the broader goals tapped by ideas of personalisation, networked governance and social inclusion is greater responsiveness of welfare systems to the variety of individual needs and capacities of consumers and to the diversity of values and interests of modern society. However, consistent with the aim of cultivation of ‘responsibilisation’ of the individual, there are elements in all of these of a somewhat woolly assumption of localised, deliberative democratic engagement in crafting individual or collective policies within outer bounds set by the state; a form of ‘guided self-regulation’. Of course, such policy configurations...
can bring important benefits despite these concerns; it all depends on close examination of the detail of particular schemes, as demonstrated by Power, Lord and deFranco’s international review of personalisation programs (Power, Lord & deFranco 2013). But the public policy problem is that this detail – as illustrated by NPM and neoliberal governance reforms – tends to be hidden further away from public scrutiny and accountability than was the case under predecessor policy settings (Diller 2000; Gilman 2001).

The way forward cannot confidently be mapped fully at this stage. Certainly, the trend towards market provision and conditional welfare calls for creative thinking on how to reinstate respect for values of accountability and transparency (Mashaw 2006; Mulgan 2006). However, as Tara Melish (2010, pp. 56–60, 69ff) implies, this must surely also be accompanied by rethinking the degree of ‘convergence’ that is appropriate. While there is undoubtedly an intensifying trend under the Abbott government both to make income support more conditional and to inject greater choice in those service provision programs for which it continues to accept responsibility for funding after any devolution to the states and territories, the jury remains out on whether and to what degree this is desirable. While both can be rationalised as being a product of a common influence – such as in striving to realise the ‘ensuring’ state or Bode’s ‘subsidised welfare market’ – history may yet show that the trend towards convergence between choice and paternalism was a mere temporary coincidence in the workings of Australia’s democratic polity. As this chapter reveals, both possibilities seemingly remain open.

Legislation and cases

_Aged Care Act 1997 (Cwlth)_
_Social Security Act 1991_
_Social Security (Administration) Act 1999_
_Re Confidential and Secretary DFHCSIA [2010] AATA 551._
_Re Del Vecchio and Secretary DFaCSIA [2007] AATA 1145_
_Re Walsh and Secretary DFaCS [2002] AATA 881_
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11 Conditional income transfers and choice in social services


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11 Conditional income transfers and choice in social services


