

Should love conquer evidence in policy-making? Challenges in implementing random drug-testing of welfare recipients in Australia.

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### **Abstract**

*The Australian Government announced in its 2017 budget that it would trial random drug-testing of recipients of the Newstart Allowance and Youth Allowance in three locations from January 2018. The Prime Minister described it as a policy “based on love” (Turnbull 2017), but that sentiment is hard to find in the policy rhetoric, which situates it within a suite of measures designed to “ensure taxpayers’ money is not being used to fund drug addictions which are creating significant barriers to employment” (Australian Government 2017a, p.3). The policy may make it harder for people to buy drugs with their welfare payments, through income management, but research suggests it will not help them overcome addiction and its costs will exceed any savings it generates in income support. Furthermore, the policy perpetuates ‘medicalisation’ of the problem of long-term unemployment by suggesting it stems from deficiencies in individuals that can be ‘treated’, despite evidence to the contrary. Finally, the policy claims to close loopholes in enforcement of mutual obligation requirements (Australian Government 2017a, p.3) without addressing structural weaknesses*

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*in the welfare-to-work model. Each of these issues will pose challenges for those charged with implementing the policy.*

### **Keywords**

welfare-to-work; employment services; public administration

### **Summary at a glance**

The Australian Government plans to randomly drug-test people receiving unemployment benefits from January 2018, and impose new obligations on those who test positive or refuse testing to spur them to move from welfare to work. Evidence suggests such measures are unlikely to reduce substance abuse or increase employment, posing a public management challenge.

### **Background**

In its 2017-2018 budget, the Australian Government declared that people in receipt of unemployment benefits should not be excused from mutual obligation activity because of issues related to substance abuse. It also declared that people with impaired functioning related to “excessive use of alcohol, drugs or other harmful substances” would no longer be eligible for the Disability Support Pension (Australian Government 2017a, p.2-4; Australian Government 2011, Table 6). The latter reform was vetoed by the Senate in June 2017 (Parliament of Australia 2017), but from 1 July 2017 the government is progressively implementing a suite of measures “aimed at stabilising the lives of people with alcohol and drug abuse problems by encouraging them to participate in rehabilitation, counselling support

or other appropriate treatment as part of their Job Plan” (Australian Government 2017a, p.2).

One of these measures is to trial random drug-testing of new recipients of the Newstart Allowance and Youth Allowance in three locations from January 2018 (Australian Government 2017a, p.3), with the testing administered by a contracted third-party provider. Jobseekers will be selected for testing based on a data-driven profiling tool developed for the trial to identify characteristics that indicate a higher risk of substance abuse issues. Those who test positive will be placed on income management and referred to a contracted medical professional for assessment of their substance use issues and treatment options; those who refuse to comply with a test request will be penalised. The cost of this measure is commercial-in-confidence and has not been published (Australian Government 2017a, p.3).

The three trial locations - Canterbury-Bankstown in New South Wales, Logan in Queensland, and Mandurah in Western Australia – were announced in August 2017 by the Ministers for Social Services and Human Services (Porter & Tudge 2017a, 2017b, 2017c). The Ministers simultaneously announced that a “dedicated treatment fund” of up to \$10 million would be established to support jobseekers in the trial across all three locations, with the details to be determined “in consultation with Primary Health Networks and the drug and alcohol service providers in the trial locations before the trial starts in 2018” (Porter & Tudge 2017b). The Ministers’ announcements flagged drug abuse as a growing problem in each trial location, but made no mention of the local labour market – an interesting omission given the policy’s focus on substance abuse as a significant barrier to finding a job (Australian Government 2017a, p.2).

The Prime Minister described the measures as a “policy that is based on love”, intended to “make a change in people’s lives so they were not taking drugs, so they were not destroying their lives, so they were not destroying the lives of their families, so they were not making themselves unemployable” (Turnbull 2017). Yet the measures run counter to local and international evidence that drug-testing strategies are unlikely to produce these effects (Australian National Council on Drugs 2013; Covert 2015; Macdonald et al. 2001; Wincup 2014; Whiteford 2017a; Arthur 2017; Royal Australasian College of Physicians 2017), focusing instead on ensuring “that taxpayers’ money is not being used to fund drug addictions” (Australian Government 2017a, p.3). In this case, the symbolic value of the policy - which reinforces the ‘battler versus bludger’ welfare narrative – appears to trump cost-benefit analysis, data and experience of what works to achieve meaningful change in this arena.

### **The policy environment**

Substance abuse has far-reaching social and economic costs that impact on individuals, families and communities (Collins & Lapsley 2008) and the government’s commitment to tackle it is commendable. However, its approach is questionable. There is no evidence that random drug-testing of the unemployed is an effective strategy to reduce substance abuse, either by helping people overcome addiction, or find a job. Conversely, research suggests it is likely to adversely affect both the wellbeing and the employment prospects of those tested and generate significant flow-on costs in terms of testing, enforcement, treatment, crime, emergency relief, housing stress, mental health and further stigma of the long-term

unemployed in the job market (Bray et al. 2012; Buckmaster & Ey 2012; Australian National Council on Drugs 2013; Ezard 2017; Reynolds 2017; Lintzeris 2017; Wodak 2017; Trimingham & Yumbaca 2017; Whiteford 2017a). Random drug-testing will not distinguish the problematic drug use the government is ostensibly targeting with this policy from sporadic or occasional use of drugs and alcohol (Wodak 2017), putting further pressure on already stretched services and holding citizens in receipt of unemployment benefits to standards of behaviour that are not imposed on citizens in receipt of other forms of income support. Furthermore, punitive responses to test refusal or positive test results risk driving drug users towards “even more dangerous ways of living” (Ezard 2017). While income management may make it harder for people to buy drugs with their welfare payments, research suggests they will find other ways to fund addiction, ranging from trading sanctioned purchases for cash at a loss, to intimidation of family members and crime (Bray et al 2012, p.229). More broadly, the policy fails to distinguish between substance abuse as a *cause of welfare dependency* and substance abuse as a *consequence of structural labour market exclusion* – problem definitions calling for very different policy responses (Bacchi 2009). Projections in the Australian Government’s latest quinquennial Intergenerational Report, which assesses the long-term sustainability of current Government policies and how changes to Australia’s population size and age profile may impact on economic growth, workforce and public finances over the next 40 years, assume a constant rate of unemployment of around 5 per cent over the period 2015-2055; a rate sustained to avoid interest rate rises to combat inflation (Australian Government 2015, p.47). Treatment for drug and alcohol abuse is not a guaranteed pathway from welfare to work while over 800,000

Newstart and Youth Allowance recipients (Whiteford 2017b) and over one million underemployed workers willing and able to work more hours (Australian Bureau of Statistics 2017a) are competing to fill fewer than 200,000 job vacancies (Australian Bureau of Statistics 2017b).

Each of these shortcomings in the new policy feed into an overarching challenge for those charged with implementing it. The policy overlaps the existing obligations of employment services providers to help disadvantaged jobseekers overcome barriers to work, without acknowledging structural weaknesses in the welfare-to-work model.

For over twenty years, employment services providers have been contracted by the Australian Government to provide every person receiving unemployment benefits with assistance and support, either directly or through referral to specialist services, to help them move from welfare to work. Each person of working age seeking income support from the government is assessed to identify issues keeping them out of the workforce and streamed for different levels of assistance to overcome vocational and non-vocational barriers to work based on their level of need. Employment services providers are already contractually obliged to refer jobseekers to specialist services if substance use is preventing them from finding employment, and to enforce compliance with activity requirements. The new policy infers dereliction of their duty, but the issue is more complex. The bulk of their income is generated by job outcomes. While there are tiered incentives in place for them to move hard-to-place jobseekers into work, there are long waiting lists for drug treatment in areas with high incidence of substance abuse, coupled with fierce competition for available work (Olney

2016, p.218-219). It is therefore unsurprising that jobseekers who need time and high levels of effort and investment to compete in the mainstream labour market with a low probability of success are relegated to the sidelines of the employment services system, making no real progress towards employment (Considine, Lewis & O'Sullivan 2011; Olney & Gallet 2016).

The government's new policy fails to acknowledge that no amount of preparation, prodding or incentives can push these jobseekers into non-existent jobs, or force employers to choose them to fill vacancies over preferred candidates. Ignoring the demand side of the labour market, the policy links 'unemployability' to substance abuse (Australian Government. 2017b, p.11) and shifts the focus of government intervention from managing a socioeconomic problem to treating an individual, medicalised condition (Holmqvist 2009, p.405-406).

### **Policy implementation challenges**

Those implementing the new policy should heed lessons from the employment services system. Waiting lists for drug and alcohol services have long been flagged as an issue in jobseekers progressing through their Employment Pathway/Job Plans, particularly in regional Australia, and there is nothing to suggest this will change under the reforms. The policy explicitly states that jobseekers "will not be penalised if appropriate treatment for their circumstances is not immediately available" (Australian Government 2017a, p.3). Even after treatment, certain conditions of employment such as a police check, a drivers' licence, remote workplaces not serviced by public transport, or shift work at times when public transport is not available, can exclude jobseekers with a criminal history or a disqualified licence. Finally, many employers are reluctant to hire people who have been unemployed for a long time

“because of concerns about attitude, work ethic, reliability, motivation and consistency”

(Department of Education, Employment and Workplace Relations 2013, p.16) – a perception arguably founded on the portrayal of the long-term unemployed in politics, policy and the media.

A key question for public managers is how the impact of this policy will be measured.

Evidence over the last twenty years of employment services shows that substance use is not the only barrier to work the jobseekers targeted by this policy face. What will the key performance indicators for those implementing this policy be? They may be transactional, such as tracking the number of people referred to treatment services or the number of people actively participating in treatment programs; or outcomes focused, such as increasing the number of people in the trial locations who find a job, or increasing the rate of compliance with activity requirements; or broad economic or social measures, such as cost savings across government, a reduction in crime, or qualitative research into community wellbeing. Given the complexity of the issue at hand and evidence that the policy is unlikely to achieve its stated aims of helping people overcome addiction and find employment, it is reasonable to assume in this case that what is measured will drive what gets done.

The core issue ignored in this policy is that these jobseekers are a workforce of last resort in a flooded labour market. Their relationship with the employment services system has been reduced to an obligation to meet activity requirements for income support by moving around government-funded services and programs, facilitated and monitored by their employment consultant. There is no evidence that drug-testing and income management will change that,

either by reducing substance abuse or by increasing employment outcomes, and it carries a high risk of unintended and expensive consequences across government and the community. The draft National Drug Strategy 2016-2025 stresses that responses to alcohol, tobacco and other drug use must be informed by evidence to be effective (Intergovernmental Committee on Drugs 2015, p.7). The Prime Minister may believe that tough love can divert the unemployed away from drugs and into work, but evidence suggests the funding for this policy would be better spent on dismantling structural barriers to work for the long-term unemployed. Those implementing the new policy will struggle to achieve its stated aims and to contain the flow-on social and economic costs of imposing further obligations for income support on already marginalised citizens in the current labour market.

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