



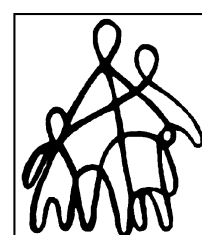
# Can we tame the competition tiger?

## Microeconomic Reform in Human Services: towards a community sector position

Speeches and workshop proceedings from the  
NCOSS conference held in Sydney on 21 March 1997

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**NCOSS**



## SESSION ONE:

### Microeconomic reform in human services: the current state of play

The aim of the first session was to:

- Define microeconomic reform
- Identify key aspects of the NSW Government's application of microeconomic reform to human services
- Assess the threats and opportunities these policy changes pose for consumers and providers

A panel of speakers addressed these key issues briefly, followed by questions and discussion with the audience. The session was facilitated by Julie McCrossin, former ABC journalist.

### PANEL SPEAKERS

#### **Robert Kerr: What is microeconomic reform?** *Industry Commission*

I do genuinely appreciate the opportunity to contribute to your discussion today. A number of you may well have come across some of the work of the Industry Commission, as it affects such things as public housing, or the inquiry we did into, into charitable organisations. You may well have contributed. If you have come across those exercises, I hope you would have appreciated that in the analysis we do in this area we don't really have a rigid formula to apply. There are some recurring questions which we believe can aid analysis, including in the human services area. Such things as are current arrangements genuinely meeting people's needs, are we satisfied with the status quo, what incentives are at work, and do they aid efficiency and effectiveness, and what balance of market opportunities and regulations seem appropriate.

My brief is to tell you a little bit about microeconomic reform and I am going to arrange my comments under four headings. First of all, current priorities, and in fact I will be endorsing what Gary said about the range of Government interest in policy development. Secondly, I am going to talk about a couple of aspects of competition, contracting out and measuring government service provision, and lastly I am going to make a couple of opening comments on the relationship between equity and efficiency where we have done some work recently.

Micro reform, well, what is it? It's a bit of a torture to the English language isn't it? Essentially it is concerned with increasing economic welfare. It is more about the size of the cake rather than its distribution, although I would be

the first to admit those two things are not always separable. In the process, productivity is the key, and the role of competition is there as a means rather than an end. In the middle of last year the Government asked us to survey the scene on microeconomic reform and to suggest priorities for further reform. In the report that we did - the stocktake of microeconomic reform - we picked out three particular areas. The first was in the industrial relations field and the issue we were concerned with here was making the most of Australia's human potential. The second was in the area of physical capital - such things as economic infrastructure. In this area we were suggesting that the key is to actually get on with implementing the Hilmer Competition Policy reforms. The third area was to extend the boundaries of change to education, health and community services, and in this area we didn't have any specific suggestions to make except that we felt some further review and discussion was necessary in order to explore those boundaries of change.

We did offer some principles that might be considered (refers to overhead slide). I'm going to pick out the last two of these principles as my second and third points. Moving on to the issue of contracting out, which is an aspect of competition and service delivery, we did a major inquiry into this which finished about a year ago and the basic conclusion that we came to was that there was a lot of contracting out going on already. Not all of it was being done all that well, but where it was done well, and where it was done in the appropriate area, then there could be some substantial benefits from it. A lot of those benefits seem to accrue from management actually getting its act in order. In other words specifying more clearly what was required and setting some objective goals as to service delivery.

Moving onto my third area - the idea of competition to promote lower costs I think is reasonably familiar, but the idea of benchmark competition is perhaps less familiar in the Australian community. Last month we produced the second of a series of major reports which we do for the Council of Australian Governments on Government service provision, and these reports try to provide information to the community and to policy makers, about the outputs of various Government service provision exercises. What we are talking about here is the accountability for some \$38 billion of Government expenditure. This is just an example - one of the areas we looked at was public housing. It doesn't in itself contain any policy prescription, but it does allow you, as a community, and those doing analysis in this area, to get an idea of where the envelope of performance is. Who is doing better, and to start to try to work out what the reasons for that might be.

I'm moving onto my last point now, and that is the relationship between equity and efficiency. It is apparent



to us that many in the community, and I think many of you here, fear that change is too fast, that some are missing out on the benefits, and that Government spending may decline as a result the change process. The principle point I want to offer you is that the concern of micro reform is to improve growth in the economy, and that growth includes the capacity to assist the disadvantaged. But there may be some short term winners and losers in this process. In weighing up the importance of those issues, and we don't have a particular prescription to offer - this is as much a matter for community debate and for Government decision to weigh up the issue of winners and losers in the change process. I would offer you four qualifying points.

The first is just a very simple point about the process of change. Policy reform is not the only source of change. Many of the changes that affect us in our society in fact are outside the realm of the Government's hands and perhaps the easiest to understand is changes resulting from technology. Secondly, it is possible to try to separate the quantum of budget spending from the efficiency and effectiveness with which that spending is done. It is certain the pressure on micro reform has partly emanated from Governments across Australia - not just the New South Wales Government and not just the Commonwealth Government - trying to improve their fiscal position by getting better value for money. But in some cases microeconomic reforms may well suggest increased Government expenditure in order to meet particular effectiveness targets.

The third qualifier is that in looking at the impacts of reform it is well to look at the indirect impacts as well as the direct impacts (refers to overhead slide). I'll just illustrate that with respect to electricity reform. The left hand column is our estimate of the impact on households of the changes in prices in electricity across Australia over the last five years or so, and the lowest refers to the lowest income quintile. So that it is costing the poorer families more to pay for their electricity as a result of reform. But the right hand column is our estimate of the indirect impact. That is what happens to the businesses that are supplying other goods and services to those people, who are benefiting from lower electricity prices for business use, and that impact feeds through into the goods and services which all the income groups purchase. So that's an estimate - it is no more than that - of the net impact, to give you an idea of the net impact of the reform process in the electricity area.

And my very last point under this heading, is that it is our belief that the reform process is best judged in terms of reform as a whole, rather than isolating a particular sector of reform. So for example, the beneficial effects of tariff cuts, while they may have some harmful affects in the short term on employment, there is little doubt that tariffs as a tax have quite regressive effects on the expenditure

of the poorer families. The lowest income groups struggling spend a much higher proportion of their income on clothing than do the more wealthy, and they feel that tax a bit harder. So there are some swings and roundabouts in the change process.

So in conclusion, no magic formula, no rigid formula, but there are some worthwhile gains to be had we believe in trying to embrace change, and discuss it, rather than just let it overtake us.

### **Eva Cox: Issues and Alternatives**

*Senior Lecturer and Head of the Department of Social, Political and Historical Studies at the University of Technology.*

In Australia at the moment is a gentleman called John Rawlston Saul, and some of you might have seen something about him in the media. He is actually the 1995 Massey Lecturer in Canada and I met him last night. We have discovered, as we sort of looked at things, that he was actually saying many of the same things that I was saying in Australia in 1995 (in the Boyer Lectures), and he was saying them in Canada, completely without knowing that we were doing it. I'm saying this because what I want to say today in the very brief period that I've got is "excuse me, you know those signs they've got on the express way saying 'stop, go back, we're probably going the wrong way'" is probably something that we need to seriously consider. Now I'm not unrealistic. I know where we are, I know what we have to do, and I know this is going to be a problem we have to deal with, but what I want you to go into today with is what John Rawlston Saul keeps talking about.

A very strong doubt that this is the right way to go and a very strong concern about the way it is actually being imposed on a sector for which I think it is actually totally inappropriate. I'm not saying we can't be more efficient. I'm not saying we can't be more effective. I am saying the way this particular thing is being driven at the moment, and the underlying assumptions behind it, are based on totally inadequate data, information, output measures, outcome measures and everything else.

When I did the Boyer's in 1995, I talked a lot about social capital and since then I've been doing some further work trying to put together what I mean by social capital. I'm involved in international project and I've started redefining it as this term which I'm calling, for want of a better term, of civil and civic and social trust. They're all various parts of trust. One thing that becomes really clear about the personal services area is very much of what we build in that area, when we offer services, is based on the relationships we deliver, that we develop with the people to whom we deliver the services or with whom we work. We have no measures of relationships.

We have no process measures which look at how we



deliver the service. We've got some fairly dreary, tacky outcome measures which allow us maybe to count bums on seats, or maybe to ask people how they feel, which is probably about as close as we'll ever get to doing a real measure of how people do services. And since people tend to be grateful for the fact they get a service at all, they usually tell us they feel better after they've got it even if they haven't. There's a huge range of issues which I think could be explored in terms of how you actually develop a good set of community services measures. We have barely started on the process. We started talking about it over the last few years, but only in a fairly minimal way, and above us at all times is a spectre of something called microeconomic reform. Economics is a very limited set of social science assumptions.

There is no economist, in fact, no social scientist - I teach this to my students - who can say if 'a', therefore 'b'. Yet all the time we are given these certainties - if you do this you will increase that. You don't get told that there's maybe a 20% better probability than random that it might improve, and that it's probably about as good as we'll get in many of these predictions. The things that get measured in economics and unfortunately in most of the other social sciences, are those things that are easy to measure. Most of the measures that we work for in the sector today are basically what one would call 'socioeconomic' measures. They are not social measures because they do not measure those things that really count for people, such as how they feel about things, the relationships that they have, the whole interactive process that is part of service delivery in all the human services areas.

We have no measures of those and therefore we do not know very often why one particular service apparently runs much more effectively than another, when the things that we can actually measure appear to be the same. We don't know why one local primary school is terrific and the one further down the road is tacky. We don't know why people prefer to use one particular service in an area rather than another. Because very often the differences are in the relationships those services build and the social capital, if you like, that is part of the process both within the staff, amongst the staff the board, the volunteers, the membership, a whole set of relationships in this sector that are part of what makes this sector different to the commercial sector.

Somehow or rather we've put in the position of some sort of Godhead the construction of the market. I'm not the only one that says this. Saul's been saying it, and also if anybody has been reading *The Australian* recently, a gentleman called George Souros, who happens to be one of the arch capitalists. The article said "excuse me capitalism sucks. At the moment it's been turned into some sort of religion where people keep promoting these views as though they were things to be believed in", and he is very scared that this will undermine society as we

know it. Now this is the man that actually broke the Bank of England so he's not actually one of your warm and caring community types. But the fact that he has also discovered there's something extremely tacky about neoclassical Chicago School, neoLiberal economic, whatever you want to call it economics, and that the concept of the market and competition as being in some way something more than a sort of particular construction that we've actually decided to give certain names to, the idea that it is something sort of sanctified holy, and to be regarded as dogma, is unfortunately still a dominant mode.

The current Federal Government has the disease fairly badly. So has most of the State Government - sorry Cabinet Office. And we have the strong push in this area, from people who should know better, who've managed to replace their catholic childhoods or their communist party backgrounds or whatever set of beliefs they believed in beforehand, with the straight belief that this stuff has to be some sort of gospel. It ain't! Even the figures that the former speaker put up prove that many of these equations are fallible.

I don't know what to tell you about this, apart from to say, "just be careful". Be really careful when you are talking about these things. Regard this as an exercise in placating the sort of nasties for those people who give us money, rather than an exercise which is genuinely going to make reforms. Use the process to look at what you are doing. Use the process to become more effective, but don't believe the stuff. It's very bad for you to believe in economics - destroys the brainpower. I've got one minute and I just want to read you something which is out of this morning's paper.

This is John Rawlston Saul, and this is what he was talking about last night. This is a man, by the way, that ran his own consultancy, that has run an oil company, so again he is no wussy, bloody community person.

"We're told that a level playing field will open up the marketplace thanks to deregulation. The whole vocabulary is that of manly struggle on the sports field but sport is a totally regulated activity in terms of number of team size, rules, penalties and so on. In other words a level playing field is actually accomplished through strict regulation in order to ensure that the competition works and continues to work over a long period without a boom and bust cycle. Efficiency has become a legitimising word of our time where once we dropped in 'by the grace of God' and still drop in some versions of reason, we're now pushing the concept of efficiency into a leadership role for our civilisation but efficiency is little more than a foot soldier of reason which in itself is little more than a mechanistic tool.

Efficiency should be what you check on after you've



settled the directions of society and decide how you want to live and put your governing structure into place”.

I think it's really important that we remember this. I think there's serious problems if we start contracting out, because we cannot contract for the elements of the service which are not easily made into numerical quotas. We don't know how to make sure, when we have a home care service, that the person delivering the meal is actually going to smile three times, exchange three words on the person's health, make sure that they don't use too many long words and not run out of the door in less than 35 seconds. I mean it is impossible to do that, yet the relationship we build with our clients, with the patients, with the people that we are working with.

Not our customers - that's Coles Myers and you look at what a stuff up they've been making. We need to start talking about the fact that these are relationships of obligation, care, and they are relationships that depend on the way we put them together, and the ideas and things we have. If we allow efficiency, if we allow the whole issue of how we put numbers onto things to dominate it, we are going to stuff not only the sector, but society in general, because holding society together is part of what this sector does.

We don't do it entirely on our own, but we certainly contribute towards it. So I'm just going to finish with a plea that somewhere in this sector, please can we start getting together maybe funding with the Productivity Commission – I've just been sort of hassling them about it - to try and work out how we develop process measures, how we change the narrow base that we have at the moment, that we could. It's the only way that we can actually respond to them. How we can take control of the debates about what is genuinely a quality service and what are our social roles and responsibilities And I leave you with that really difficult problem.

### **Kate McKenzie: Where does the NSW Government stand**

*Deputy Director General of the NSW Cabinet Office*

I guess I'd like to start out by just saying that today's theme and program make an assumption about NSW Government policy which I'd like to challenge. Namely, that the State's welfare services are a target of national competition policy. This is actually not the case. National competition policy is focused on increasing consumer and business choice, reducing production and transport costs in an effort to provide lower prices for goods and services, and creating an overall business environment in which to improve Australia's international competitiveness. This is being achieved by changes to the Trade Practices Act, reforms to public utilities and professional organisations, improvement in government trading enterprises and the review of anti-competitive

legislation. All activities which I've had some involvement in. The focus of these reforms is clearly not on the provision of services by non-government welfare agencies. In most cases the changes to the Trade Practices Act which have extended its application beyond corporations will not actually have much impact at all on the community sector.

There are however, international trends towards increasing accountability for the expenditure of tax payers funds, and all governments, as Gary said in his introduction, are being pressured to do more with less. So those who are receiving Government funds must have clear objectives which coincide with Government priorities, ways of assessing their performance, and ways of reporting on how they spend their funds. This certainly is reflected in NSW Government policy and practice, but these are simply modern management and accountability techniques, not competition policy, and not some sort of way of smashing the whole sector and reinventing it. I know that all of you here agree with the application of these techniques. Indeed, many of you have championed better community management over the last decade. You would be amongst the first, I'm sure, to point out if Government departments failed to act with clear objectives and accountability regimes.

There are, of course, some management and accountability methods that are not a comfortable fit with the community welfare sector, principally because they are derived from business. The three seemingly most contentious ones, which I might touch on briefly, appear to be unit costing, output base funding, and competitive tendering. If I could just make some brief comments on each of those. First, unit pricing. I think it is important to understand, as Eva was saying, these things really are just tools. None of these new concepts are an end in themselves.

They are only tools that the Government is using to try and make sure that it's getting the services that are required. So determining the actual and average cost of services is a fundamental accountability requirement, certainly from the Government's point of view. We have to know if we are paying too much for services. Of course unit pricing in welfare services has to take account of the differing needs of clients in differing circumstances, and it also has to acknowledge the ancillary benefits that are produced by community based organisations, and the special character of much welfare provision. For example, Meals on Wheels providers, have a long tradition of visiting older citizens in straightened circumstances.

As Eva mentioned, Meals on Wheels is arguably not just a food delivery service, which would be the same if it was run through a business such as Cuisine Courier, but just because this difference may be said to exist between Cuisine Courier and Meals on Wheels, we can't simply



avoid putting a value, if not a exact price, on a service we fund. The community would be better able to decide how it wants its welfare value dollar spent if it knows the actual cost of the service, acknowledges and somehow notionally prices the labour and other input donated by volunteers, and then takes into account the things that are more difficult to price such as the social value of the visit freely offered by a person of goodwill, the smiles that Eva was talking about.

Similar issues arise, I think, in relation to output based funding. It can be hard to measure the output of organisations that clearly offer more than a basic service in exchange for a fee. But measurements don't necessarily need to be limited to quantifiable amounts. They can, and must include, value and policy judgements about community well being. There are real risks for the community sector if we proceed from unit costing and output based funding to competitive tendering without taking into account the sometimes intangible value added by community based organisations.

That's why tendering must not simply compare bids on price alone. The quality of service delivery and the implicit value in maintaining and strengthening a community based welfare sector must be recognised, and again, it is not necessarily easy to make comparisons on this basis, but that doesn't mean that it shouldn't be attempted. I emphasise that competitive tendering practices based solely on price should not apply to any welfare services which are funded in this State.

Where Competitive Tendering is used to select service providers, these tendering practices recognise both price and quality, and I'm not saying our tendering practices are necessarily perfect, or necessarily have taken account adequately of all the intangible benefits that might be relevant in a particular case, but at least we are trying to develop rules that can take into account those factors. To my knowledge competitive tendering is not a uniform practice in community services, and is unlikely to become so given its inherent difficulties. There is a further reason why these practices are unlikely to become uniform in the community sector.

The Government recognises the value of the social capital fostered through the community development work undertaken by small organisations. Their continued existence could become tenuous if they were forced frequently to tender for their core funds. This does not mean that such organisations should escape close scrutiny, nor should they assume that they have an indefinite life. However, I do believe that there is cause to narrow the application of competitive tendering in the case of existing services provided by small welfare organisations. Such groups can ill afford the cost of frequently negotiated contracts and simply will not be there to compete if they lose their core funding from

one contract to the next.

The case in favour of tendering for new services is of course, stronger, and is actually being implemented by some departments. However this is occurring as a small proportion of their overall grants programs. In some respects the non-Government welfare sector exists in its strong position today in New South Wales because it represents an early attempt by Government to contract out the provision of welfare services.

As a result of this we have a mixture of public, non-Government and private providers. We are now seeking to bring a more disciplined approach to the allocation of Government funding and the evaluation of performance across the whole non-Government sector. So to sum up, the purpose of the reforms being considered by the New South Wales Government is to provide better services to the people who need them most, to achieve better outcomes for the community, and to get value for each dollar spent.

We should also be ensuring that our clients know what service and what standard of service they are entitled to expect. These are certainly not simple goals and they present a challenge both for Government officials, and for providers of welfare services, and I hope this conference will go some way towards addressing this challenge.

### **Betty Hounslow: Threats and Opportunities for the Sector: what can we do?**

*Director of the Australian Council of Social Service*

In the early seventies, I spent a little time in a Catholic Convent, and Catholic communities all around the world I guess, have this little ritual that happens at 9 o'clock each night where you say Complin — the last prayer of the day, and this is a wonderful start to the evening because it goes;

*"Be sober, be watchful, for your adversary the devil as a roaring lion, goes about seeking someone to devour. Resist him, steadfast in the faith"*

Now as a little postulant, what I took from that was "be wary but don't panic" and I think it's probably not a bad little rule of thumb, to hold onto in these challenging times. We have to take the new era seriously. We have to be wary of it, but we probably don't need to panic, overwhelmingly, because the contracting out of services that we're seeing, the changes in the relationships between the Government and the non-Government Sector — certainly there's new elements to it, but it is something that's been there for quite a long time. We've contracted with governments for a long time to deliver services to our constituencies. Certainly there is a qualitative



difference in this era of contracting. The contracts are much more likely to be in response to Government designed, defined needs and purposes than community defined needs and purposes. The contracts are much more tightly defined than in the past. It is probably true that they won't lead to any improvement or greater accountability, but certainly the new accountability that's being demanded involves more counting and accounting than it ever did before, and certainly it's an era in which Governments are increasingly unwilling to pay the full cost of a service. In which there is this very interesting slippage that happens all the time — that's even happened in previous speakers — between the cost of something and the price of something. In most markets, the cost of producing something is actually usually less than the price that is paid. Our industry is the only one I know of that's actually prepared to have the price being less than the cost.

We certainly need to understand these differences and adapt our strategies, and we should be wary of many of these new features because, as Eva has rightly pointed out, there is absolutely no guarantee that they will lead to better outcomes for the people we care about. But also we must not be spooked. Many of the things that we've learnt from our previous eras of relationships with Government, many of the practices that we've developed in the past, will stand us in very good stead in this new era. And so that's my second handy hint. I've got five of them — five minutes.

The second handy hint is don't underestimate our collective wisdom, and certainly don't turn our backs on collective action. We've got to stick to the old Latin roots. There's my Catholicism again. The old Latin root for competition actually means to strive together. It's not the debased meaning it has come to hold in late 20th Century industrialised, capitalist countries of rivalry. The Latin root for rivalry actually means to drive apart. We have to remember what Eva was pointing out — that modern businesses are only just coming to learn what we've known all along — that collaborative action usually produces better results. That the most important assets that an organisation has, are as Eva says, its intangible assets, its values, its people. The leading edge of private enterprise is just learning those things.

We mustn't be spooked by the legalities of the new competition policy. We mustn't be spooked into believing that collaboration will always mean collusion and that that's illegal. We have to find out what the Trade Practices Act says. We have to find out about the legalities of competition policy legislation, and we need to challenge it if necessary. It's good to be in New South Wales, where you've got a Government saying they are not going to apply the technicalities of competition policy legislation to the welfare sector. Though of course, as Kate said, some of its tools are being applied, but it is an important

difference. In other States, which I know about because of ACOSS's position, they are not so fortunate, and there is attempts to apply technical competition policy legislation to our areas. We need to know those legalities, but we need to be prepared to challenge them, And if we fear that the type of collaborative action that we want to take might mean that technically we're colluding, and that it may not be permissible under competition policy legislation, then we have to go to the Australian Competition and Consumer Commission and ask them to apply the Public Interest Test. And we just might be surprised at the determinations that we get.

The third handy hint is that we have to raise our standards high. We can't be reluctant reformers. Eva said as well, we know that all is not well in our State, that we are not perfect. That we sometimes deliver less quality than we should. That we can all improve and indeed some of us have a hell of a lot more improving to do than others, and we mustn't protect them. We have to lead the way in terms of this stuff, and first and foremost this means that we must refuse to participate in any reform process unless it puts high quality standards at the centre of that reform process, and that we see them there before we agree to participate, and the standards have to be developed in a tripartite manner — consumers, service providers and Government together.

They have to be standards that set best practice, not minimum practice, because there's great dangers with minimum standards. They have to be standards that are enforceable, not wishy, washy type standards that you can get away with slipping around the edges, and they have to be standards — and this is very important for service providers to be demanding — they have to be standards that give consumers real and independent appeal rights if they are breached .

And the fourth handy hint I have is that we have to demand that the gap between rhetoric and reality gets closed or at least narrowed. We have to call them on their partnership language. Partnership means setting the parameters of a venture together. It means being part of the policy making process. It means being part of the tender specification process.

Not just being pulled in at the last minute to whip your tender in the box. We have to call them on 'our only goal is to improve outcomes for consumers'. This means consumers being involved in the planning, and the implementation and the evaluation of any new systems. Just as Governments are right to say that service providers can't always act as though our interests and the interests of consumers are one and the same. Just as Government is right to call service providers on always assuming that they speak with the best interest of consumers at heart, so too we have to call Government, on them adopting the mantle of the consumer, because



that's what's happened. They've said to us "we don't believe the voices of service providers any more are the voices of consumers" ah.....? So who's left — individuals, atomised individuals. The same Governments that are saying that, at least at the Federal level of the Governments, were not even prepared to talk to the collective voice of consumers. Who won't involve peak bodies of consumers in their planning. It's wrong for Government to adopt the mantle of the consumer. There is much more likelihood of structural conflict between the interests of Government and the interests of consumers than there is between the interests of community sector organisations and the interest of consumers, and we have to call them on that.

We have to call them on that price/cost disjuncture that I talked about. The Industry Commission gave us a valuable weapon in that regard. Its report into our sector stated that Government should pay the full cost of the services that they ask us to deliver. We should point out the immorality of leaving it to the sole purchaser to set the price. A monopsony is no more acceptable than a monopoly. Maybe we should start thinking about an independent price regulator in the welfare sector in the same way as there is one in the electricity sector. You know maybe what's good for utilities is good for people. We have to call them on the claim that, 'our aim is not to save money but just to meet peoples' needs better'.

We have to call Robert on his claim that sometimes we might have to spend more money, not less, because I'd like to see where it's happening. I haven't seen one element of this reform process being bought into play that acknowledges that maybe the problem is not duplication of services or inefficient services but inadequate quantum of services and an inadequate quantum of funds.

I'd like somebody to say "frankly I don't feel exactly comfortable in improving the quality of the service that unemployed people get when they come to me as a provider of employment services. I don't feel exactly comfortable about lifting the quality of the standard of service that that person gets when I know that the price of doing that is a hundred people locked outside the door who aren't even called consumers any more because they're not eligible to come in", you know, the 1.8 billion dollar cuts in employment programs which means that only 1 in 4 long-term unemployed people this year will get assistance. Who's paying for that? Who's paying for that? Who's paying for the better quality service that the person inside is getting — the people outside who don't get a service at all.

Finally, my last handy point, we have to refuse to be just another business — we are not, we never will be, we don't want to be. My last handy hint is that we have to keep on being — in this era, more than any other era — justice junkies.

## Questions from the floor:

*Helen Poutney, Self Help Information Network:*

Most of our members are unfunded. We are neglected in the area of information provision and advocacy - no Government seems to be interested - and they are not interested in those areas, so we can disappear with great alacrity. The only reason why we don't disappear is we now feel microeconomic reform must be resisted at all costs, as far as community services are concerned. The Industry Commission failed us miserably. We all gave evidence, we went along, we were supposed to be consulted. They mixed it up by saying we were all small organisations. Well we weren't. We were as varied in size as far as people were concerned.

Now we have new regulations to do with Associations and Corporations Act and other things that were supposed to be blessings, and instead of that they are helping to make groups disappear because the regulations do not protect volunteers who are working, some of them, sixty hours a week. They're not the little four hour people. They are contributing to the community, yet I would like to put out that if Government doesn't wake up that it's got all those volunteers working across Australia, it's going to lose half of its effective, co-operative service.

*Betty Hounslow:*

I think you're right Helen. It's incredibly ironical that, as I was saying, in this era of focus on the consumer, that some of the groups in the community that are finding most difficulty in getting assistance from Government are the self-help groups. And it was precisely why I was saying groups such as yourselves - and they're sophisticated organisations, let's face it, they may not meet the new management models, but in terms of the sophistication of the structure and what holds them together, they are very highly developed organisations — these are not on the agenda in terms of Government support. Even at the Federal level, a couple of the national Peak bodies of self-help type organisations are facing being defunded from under the Peak body funding scheme of the Federal Department of Health and Community Services, because they are not seen as warranting the name of a Peak body. I think it is a crying shame, and I think that other parts of the sector have to come in very strongly in support of these organisations, or we will see them disappear.

*Harry Herbert, Uniting Church:*

I hope we all listened to what Betty said at the beginning about being wary but not being spooked about all of this, and I think we have a tendency in our sector to use terms such as competition and microeconomic reform and to turn them into monsters which they not necessarily are. Also I think we ought to listen to what Kate McKenzie said about the New South Wales



Government's policies and, with what Betty said, we ought to make sure that we keep reminding them that it isn't the policy to introduce competition in community services. But Kate, a lot of people think it is. A lot of people who work for the Government think it is, and I think it would be very good if the Government would make it crystal clear — the Premier or someone else — because it's sort of happening a bit by osmosis. Also, some of us have seen a document put out by the Treasury in regard to funding guidelines where it has seriously crept in.

*(Kate McKenzie affirms that it is not State Government policy to introduce competition policy to community services).*

Yes, good, well I'm pleased to hear that. I think the New South Wales Government will do itself a favour with the sector if it does make a number of these things clear. And I also think that Mr Carr will do himself good vis-a-vis Mr Kennett if he makes these things clear to the public, because I think it's to his benefit to do that. Just finally, I'd say I don't personally have a problem with unit pricing and I'd like to hear people from our sector say why unit pricing is such a serious problem.

I believe that unit pricing is in fact the mechanism whereby we can avoid what I do think is a serious problem, which is competitive price tendering. I'm completely opposed to competitive price tendering and I don't agree with what you said Kate — that it can apply to new services. We ought to have unit pricing done independently and properly, and people ought to tender on a unit price. Then we can really have what you've said, which is people being chosen for their ability and their history and their competence.

*Julie McCrossin:*

And Harry, could you just say a little bit more, just quickly about your views on competitive tendering. As you know, part of the goal today is to look at threats and opportunities with increasing precision and there's going to be a questionnaire for people to fill in, in your small groups, and a write up of the results of today distributed to everyone. So a chance to talk and a little bit more detail now might be good.

*Harry Herbert:*

Well to me competitive price tendering's danger is that it will wreck our sector. It will mean that we will no longer be a co-operative sector. We will be a group of individual organisations competing with each other to get contracts from Government to do certain things, and I think that in the long run that will destroy all the things that it has taken nearly a century to build up in our sector. So, I fear it as the worst possible thing that can happen to us. The Industry Commission Report — I've said this a number of times — put in a nice little box an example of how wonderful competitive price tendering was. They boxed it in, and by chance it happened to refer to a project that my Board got. I've pointed out to Mr

Scales, and other people, several times that that particular example was not a good example because it was a little one off project. And I think little one off things where you can't spend the time doing unit pricing — sure have a bit of competitive price tendering, see what the market will turn up — but not in regard to mainstream projects. What a nightmare in Australia if we had competitive price tendering for nursing homes. What an absolute disgrace that would be, and that's why I'm opposed to competitive price tendering.

We will wreck our sector, and all sorts of shonky operators will come in and will knock us out. As Kate said this in her speech, and I compliment her for it, our sector will be knocked out once, and we'll be finished for good, by some sharp private operator, who will take a loss for a couple of years, because he will be the only one left at the end of the process. So those are the reasons I am opposed to it.

*Kerri Sinclair, Community Development Officer, Liverpool Council:*

My previous country of origin is the U.S., Atlanta, Georgia specifically, and now I am an Australian citizen. From what I've heard from the panel, and comments in the audience, and what I've seen over the last three years since I've been here in Australia, is that it appears as though there is a kind of daze or sleepiness which has kind of taken a hold in terms of what this whole international, economic, rationalist, perspective is really all about. Particularly coming from the U.S., where we don't have the luxury of a social welfare system as you have here in Australia. We are always in a combative, if you will, relationship between Government, and what it is and what it is not doing for the social welfare sector. Just people in general within the U.S., who from time to time find it difficult to make ends meet.

It appears as though, from what I have gathered, people are unwilling to accept the fact that government has the long term interest of the people at heart, and that even if you introduce certain competitive tendering, unit cost pricing and all this other stuff into your scenarios, that things in the end will be O.K. No they won't be O.K. All you have to do is go to the U.S. They will not be O.K. Government fundamentally, I don't believe, has in its interests the welfare of the people, and so if you can accept that, and you're continuously going down this line of believing that the social welfare sector can actually champion the rights of the people, at the same time that the Government is, is waging war on the social welfare sector, I think you're, unfortunately being misled.

My question is what actually is the social welfare sector in Australia doing to move away from this issue of looking at people as clients and dependents, in shifting toward looking at people as citizens, as human beings who actually have skills and talents which have just not been unleashed



or unlocked in many instances. And so it falls back to that word of social capital. My question is what has the social service sector, I guess, in New South Wales specifically, been doing to try and fully understand and realise and build upon that word social capital. To the sense where you have, most recently Professor Unis from Bangladesh, who is the Managing Director of the Grameen Bank, who recently gave a public lecture. I mean to me that's what social capital is all about. What actually is the social service sector in New South Wales doing along those lines.

*Eva Cox:*

I think you are raising a very interesting issue there, because I think what we've been caught into, and it's been a long term effect of not only the current Federal Government and the current State Government, but the whole inter-relationship between the community sector and the Governments over a long period. That to some degree there has been pressure on the groups to play what I call competing victims games. Because you have to keep saying your group is worse off than the other groups, and in a sense, we already have competitive tendering at the bottom end of the system by trying to depict our own particular areas as being far more needy than anybody else's areas. This actually puts us into that sort of victim game whether we want to be there or not, and I think it has made it already uncomfortable to try and move out of that. What I was trying to do when I did the lectures on a 'Truly Civil Society', which raised some of those social capital issues, was to say that we need to take a good long look at what the whole sort of construction of the public sphere is, about what it means to us, about concepts, like common good and common will, rather than 'be nice to us because we are poor or needy or miserable' or whatever else it is. And so far I've had a huge response from a hell of a lot of people in Australia — but I must say not all that much from the community services sector — to say let's get together and start talking about how we can actually start creating a different framework. Because we are always on our back foot trying to deal with the sort of problems that are there, but I think to some degree the U.S.A.'s a very good experience, and as I say, Saul's material from Canada is another sort of illustration. There's English stuff, there's European stuff, which says basically there's a hell of a lot of things that are going wrong within the broader community, and twenty odd years of Reaganomics, Thatcherism, New Zealand versions and other versions of it, have actually made us a much more fractured society. So I think there are some fairly big crunch issues about how we deal with that in the broader context, and I know it's bloody hard when you are so busy you can barely deal with what you've got on your plate at the moment. But to some degree unless we start finding new measures — and I mean everybody here, I'm sorry Kate — everybody says "yes, well we judge these things by unmeasurable things called quality". I mean your little

friends in Treasury are not going to be terribly happy if you say we gave it to this one even though it had a higher price, because we know they're quality. They'll say "how do you know they're quality". I mean I think there are issues there. I do not think — and I'm a sociologist who does a lot of research — I don't think these are unmeasurable. I think they have not been measured, because the Productivity Commission and all of those boys and girls, and mainly boys, have kept themselves lovely lots of money to shove into their systems. Nobody puts the money into creating the measures for those things which are going to attack the hegemonic ideas, the status quo, the powerful people.

So unless somebody, somewhere, starts being able to say "excuse me we want to actually start looking at some of the structures of the social relationships of society, some of the goals that we can set", and here are some resources by which we can put things together so we can start putting other arguments. Instead of always arguing in somebody else's language and on somebody else's not very flattened playing fields — because we don't get the flattened playing fields. We're the ones who are standing on the outside without the entry price to get into the field.

So I think it's really important that we start doing both things — dealing with the day-to-day problems that we deal with, but at the same time try on a whole lot of different levels to say "can we change this debate". Or are we going to end up with what I keep calling "techno feudal barbarism", which seems to be what's going to happen in the future if we lose our social context.

*Betty Hounslow:*

I think we are trying to do some things, and it's going hand in hand, I think with what Eva is talking about — which is creating a new framework, in very practical ways. I think that what we are trying to do is to resist the dividing society, and this can be done in practical ways. For example, we can resist Government moves to make a whole range of community services — social services that we all need at some point in our lives — we can resist them trying to make them residual welfare services that are just for those poor victim type people over there, as Eva said. So that, for example, in the last budget ACROSS strongly rejected the increased Medicare Levy for high income earners.

Why did we resist it? Because it was only to apply to the high income earners who refused to leave the public health care system and go to private insurance. If there was an increased levy for all high income earners, that's one thing, but a policy constructed in that way is deliberately encouraging the well off in our society to leave a public health care system so that, then it can become a second rate public health care system. In that sort of way we can resist policies like that, that resist



that type of division. That actually says “hey we’re in this society together, we build social institutions that serve all of us at some point in the life cycle”. Targeting, if it goes too far, produces the opposite results of what you want — it leaves shit at the bottom, you know, for the people at the bottom.

So I think that there are very practical ways in which we can try and resist the type of divided society that you know so well from the United States, and that we are in danger of becoming here. Because what we have to remember of course is that Australia is a more divided nation now in terms of the income differentials between the top and the bottom than we were at the beginning of the 1980’s. The people at the bottom may not be quite so poor but (1) there is more of them than there was at the beginning of the 1980’s and (2) the gap between them and the people at the top has grown. That is a clear and present danger for our society.

*Robert Kerr:*

I just wanted to make a number of comments which derive from a number of the questions and comments from the floor. The first point really relates to something Eva said and that is the question of privilege. We’ve always regarded our role in the policy formation process as an attacker of privilege. Now you may find it difficult to understand that, but in our experience, at least in the industrial area, many of the regulations and protections that are around in fact favour one part of the community against the interests of the community as a whole. So we are quite happy in our processes to try to provide a forum for issues of privilege, and whether they should persist, to be addressed.

Now one of the major inquiries we did of interest to the sector was into charitable organisations and I know a number of you would have participated in that, and you may well have feelings about whether it were done well or not. But I would offer the comment that if we’re interested in discussion of the establishment of social capital, that very process provided the first wide spread information base about the charitable sector in Australia. It gathered information as best as it could, and indeed there may well be much more information that should be collected, but it was the first time such information was gathered.

And interestingly, and Gary might be interested in this, we’re participating in a research program with the Johns Hopkins University in the U.S. which is looking at the significance of the charitable sector across a number of nations. Our estimation is that the work that has been done in Australia so far is probably in advance, and more comprehensive - whatever shortfall it may represent - it’s probably in advance of most other nations. So what I am saying is that the process of policy formation itself should be able to allow issues of social capital to be

debated and to be brought to the attention of our policy makers.

*Betty Hounslow:*  
And to be funded?

*Robert Kerr:*

Well we are budget funded, so in that sense our process, if we are asked the right question — and we were asked a question about charities — in that sense, yes it is funded by the tax payer.

*Julie McCrossin:*

If you could go to the measures question. If you could be brief, because we are running short of time.

*Robert Kerr:*

O.K. — the measures question. I think what I mainly have to say here is in the area of Government service provision, and I mentioned that we produced a report last month. This is a project sponsored by Council of Australian Governments — that is all nine Governments in Australia — and it’s basically to generate information rather than policy prescription. Now it clearly there are deficiencies in the information that is available on aspects of human services, and the last report tried to expand the issues that were reported on. It covered aged and community care services. Now, let me just give you one example of the sort of material that emanates from this area, and this is in the public housing area.

The sort of information that you can develop from this area is, say, information on access to housing assistance. One percent of our households have been waiting five years or more for assistance in Queensland in 1995/1996 compared to 24% in South Australia. Now there is equivalent data on New South Wales in the housing sector. There is also data on client satisfaction — whatever discomfort you may feel with the word client — but client dissatisfaction or satisfaction with nursing home services and things of that sort.

Now there may well be a case for expanding the information that is developed in this area and I would invite you to make such suggestions as you think would help the development of policy in these areas. So work is being done. It may well have deficiencies and short falls but at this stage, the information is there to be used, including by the sector.

*Not identified:*

I am a bit nervous about saying what I am about to say, but, from my point of view, discussing anything from a consumer’s point of view, when it’s within a construction of economics — I don’t actually, necessarily feel spooked about what’s happening but I get damned annoyed. I have no trust in — I don’t believe that any Government in Australia doesn’t know what starvation is, and doesn’t



know what poverty is. Until I actually see any Government in this country genuinely sit there and say "we have an economic set of standards, but hey we've got some really bad things happening in Australia, and gee we're going to address it, and we don't need a survey about it, and we don't need a measure of it. We see poverty and starvation".

I mean we haven't even addressed those sort of things and yet we are talking about we don't have a moral understanding of what is a good measure of a value. So when I deal with any tendering, when I deal with any submission, when I deal with any public form that includes the Government, I don't have a sense of trust that they have a sense of welfare of the basic people in Australia in mind. And it is always in an economic constraint, and I understand that, but it doesn't mean I have to like it.

*Roger West, Community Services Commission:*

I suppose I wanted to approach another side of this whole contracting out and competition and that is services that are currently provided by Government that will cease to be provided by Government and be provided, be contracted out by competitive tendering, and mostly to the private for profit sector. And it's happened of course already to a significant extent, the Macquarie Hospital is one example, but numerous other examples. And of course the pressure is on New South Wales because the other States are doing it and particularly Victoria.

You might have read just in the paper yesterday that New South Wales is thinking about going in the direction of Victoria — of contracting out emergency services, for example, to the private sector and that's ambulances, that's fire engines and the lot. Initially just the control of and deployment of those services. And if you read some of the fine print in the article in the Herald, there are problems in Victoria about shonky dealings by the for profit organisations that have taken that over.

Now whenever this sort of thing happens one of the — and of course, there can be benefits, and as was just mentioned a minute ago, there can be consumer satisfaction and quicker turnaround times and that sort of thing from time to time — but, whether it happens or not, what at this stage occurs is that the consumers lose the rights that they already have for redress. They lose the rights to appeal against wrong decisions by Government, because there is no administrative appeals against the private sector.

They lose the right to go, for example, to the Ombudsman. They lose the right that they have under the Freedom of Information. They lose the right of disclosure that is under the Annual Reports Act for all Government Bodies. Commercial confidence is the word. Yes, commercial confidence is the word, so that means that these organisations won't tell you they're spending your money.

An example — again in New South Wales — is the way the toll roads have operated. The way the tunnel was contracted and so on, and the way the Auditor General got into that was only by the Government end of it, because the Auditor General is another body that is a watchdog that keeps an eye on these sorts of things, but it doesn't have free hand in the private sector.

Now I must say in New South Wales there are a number of things that they have done to preserve those rights — particularly in the consumer community services area by for example making the Community Services Commission that I head up accessible to consumers of non-Government services as well as Government services — but there needs to be that same — if this thing is to go ahead. Firstly be warned that that's a potential consequence, and secondly, if it is to go ahead, be strong in pressing Government to keep those sort of protections alive in the contracts, and in the Legislation, if it goes to the private sector. I don't know if Fred Hollows was misquoted when I heard this on the radio a couple of days ago, but they said he said, that people think you can run a bloody good economy as long as you can just forget about the bottom third, and I think that sometimes, that's what drives this.



## SESSION TWO:

### Workshops: what's happening in your area

#### The Workshops

Seven concurrent workshops were held to provide information on the state of play in particular program areas. Workshops were held for the areas of housing, children's services, aged and community care, health, disability services, employment and training, and family and youth services.

The aims of the workshop sessions were to:

- Provide participants with an overview of current events and issues
- Identify, through participant discussion, the concerns of participants, and the opportunities that they saw in the reform agenda
- Collect the key messages that people from each area wished to convey to government and the peak agencies concerning the impact of reforms on consumers and providers

Each workshop began with brief presentations by two or three speakers, and then opened up for discussion. Key points of discussion were documented.

**Workshop: Housing**

Speakers: Adam Farrar, National Community Housing Forum  
Ros Bragg, NCOSS

**Workshop: Children's Services**

Speakers: Tonia Godhard, Sydney Day Nursery & Nursery Schools' Association  
Frances Press, Community Child Care

**Workshop: Aged and Community Care**

Speakers: Isobel Frean, Aged Services Association of NSW & ACT  
Cathy Moore, NCOSS

**Workshop: Health**

Speakers: Peter Connie, Network of Alcohol & Other Drug Agencies  
Stephanie Short, School of Health Services Management, UNSW

**Workshop: Disability Services**

Speakers: Nadine Binstead, NSW Council for Intellectual Disability  
Rosemary Kayess, School of Social Science and Policy, UNSW

**Workshop: Employment and Training**

Speakers: Uri Windt, MTC Work Solutions  
Peter Richardson, Mission Employment Services

Workshop: Family and Youth Services  
Speakers: Marion Gledhill, Family Support Services Association of NSW  
Annabel Senior, Relationships Australia  
Bernie Brown, Cellblock Youth Health Service

### From the Program Areas

#### Concerns:

Not surprisingly, there were a number of common issues and concerns expressed in all program areas about the impact of microeconomic reform. These can be grouped under the following:

*The validity of the economic assumptions and theory underlying the reforms*

This issue was raised by a number of the speakers in Session 1 of the conference, and within the workshops. It became an underlying concern of most discussions. Generally, it was expressed that there has been little real examination and testing of the assumptions underlying most aspects of microeconomic reform, and little or no debate within government of alternative points of view.

The two assumptions that were highlighted as fallacious were that competition will provide better, or cheaper service, and that cost cutting could be carried out without impacting on the quality of service.

*The impact of these reforms on particular program areas, and the community services sector in general*

Repeatedly, people raised concerns about the loss of the core philosophy and values of community care in the new reform agenda. These values were seen as being pushed aside by market based theory and economic rationalism. This in turn was seen as undermining cooperation and collaboration within the sector, creating divisions between larger and smaller agencies in particular, and between all agencies 'competing' for funds generally. It was argued that the introduction of competitive tendering in particular discriminates against smaller organisations, because they can not compete equitably.

Following on from the impact of economic competition, was the concern about the impact on the infrastructure of the sector. In many program areas, participants could see smaller organisations in particular vacating the field, and leaving permanent gaps in the service provider infrastructure.

Policies flowing from economic rationalism were heavily criticised for reducing the effectiveness of services by



focussing narrowly on direct service delivery at the expense of advocacy. Participants argued that community organisations must not have their advocacy functions curtailed by government funding agreements or guidelines. They were also criticised for potentially leading to the exploitation of workers (through low wages, increase in volunteer hours, untrained and inexperienced staff), and a related drop in quality of service provision.

#### *The way in which reforms are being introduced*

Three issues are aggravating the implementation of reforms for the community sector — the lack or limitation of genuine consultation with service providers and consumers, the inadequacy of information about aspects of reform and the lack of resources accompanying these reforms.

#### *The impact of the reforms on consumers*

Participants saw consumers as being particularly vulnerable in a variety of program areas. This vulnerability was partly in terms of changes to the types of services that consumers might have access to, and partly a fear of consumers losing their rights, and the disadvantaged becoming further marginalised. This included concerns that a two tiered system of service may develop in some areas.

Overall, there was seen to be both a lack of information collection about the impact on consumers, and a lack of safeguards for them.

### **Opportunities:**

Although the general mood was of concern rather than optimism, people did find some potential opportunities to discuss. These included:

#### *Improvements in service delivery and practice*

The challenge of the reform process was seen by some to generate an opportunity to re-evaluate, refocus, reassess systems and set new agendas. In particular, this provided an opportunity to examine ways to improve services to consumers, promote examples of best practice and develop more effective accountability processes.

At an industry level, some participants argued that the reforms presented an opportunity to develop national consistency in legislation, service provision, and consumer rights.

#### *Developing clarity about the role of the sector*

As part of challenging the values underlying aspects of microeconomic reform, the re-stating of core values and core purposes of the community sector was seen as vital. As one participant put it, rather than take a defensive stance, the community sector needs to be 'stating our difference proudly'.

Participants also argued that it was necessary to reclaim the role of the community sector as a critic of government policy, representing communities.

#### *Impetus to collaborate more effectively*

Just as one of the main dangers of policies such as competitive tendering was seen to be creating divisiveness within the sector, in rising to meet the challenge, it was felt by some that improved cooperation and collaboration would develop. Optimists envisaged better networking across sectors, the forging of new alliances, and the even the development of new activism.

#### *Making use of the tools of microeconomic reform for the sector*

Some of the tools of microeconomic reform were considered as having potential for use in the community sector. This included the development of new, and appropriate measures of quality and service performance, better information collection on service provision and the potential for unit costing to lead to more consistent funding and even 'full cost' funding.

### **Messages to government:**

Participants clearly identified microeconomic reform as a government driven agenda. Many of the concerns expressed, and the direct 'messages' to government, indicated the degree to which participants felt that the reform process was being imposed on the community services sector, with inadequate consultation, debate, time and resources. Participants generally expressed the view that both service providers and consumers were being ignored in government haste to pursue the reform agenda. In particular, participants wanted the following conveyed to governments:

#### *The reform agenda needs to be debated*

In conjunction with the questions about the validity of the underlying assumptions of microeconomic reform, participants called on government to consider the alternative arguments and to look more critically at the reform agenda. Government was urged to slow down and listen, and to cease fostering a false sense of urgency.

In particular, participants wanted governments to understand that competition is not an appropriate driving force for the sector, and that a collaborative approach is more appropriate and effective.

#### *The outcomes may be detrimental to social justice*

In discussing the impact of the reforms on both consumers and service providers, a number of warnings were made about the unintended consequences of aspects of the reform. In particular, governments were asked to recognise the importance of equity of service as a social justice issue, and the lack of a level playing field



for either service providers or consumers. Fears were expressed about the long term effects on social justice of an economically driven agenda and governments were urged to consider the longer term public interest.

On a geographic basis, the importance of ascertaining regional needs through local input was emphasised.

#### *Consumers must have a say*

Participants noted the irony of the 'consumer focus' rhetoric and the fact that there has been very little consumer input in most areas. They argued that consumer input to standards was essential, and that governments needed to listen to the evidence and the voice of consumers and their advocates. In many instances, participants raised the need for independent advisory mechanisms to be established to ensure the rights of consumers.

#### *Current tools of 'measurement' cannot give an accurate picture of community services activity*

Concern was expressed about the tendency within government to take the easy path with performance measurements. Participants argued that many aspects of the quality and effectiveness of community services are intangible, or more difficult to measure than current tools allow. They called on government to fund the community sector to develop its own, more appropriate measures.

At a number of points, participants raised the issue of the voluntary workforce of the sector, and how the reform agenda ignores their existence. People argued strongly that governments must recognise the contributions of unpaid workers, paid workers' unpaid work, and carers.

### **Messages to Peaks:**

Participants looked to peak organisations to take a leadership and resourcing role in assisting the sector negotiate the reform process. In particular, they called on peak bodies to:

#### *Lead a proactive and collective response*

Peaks were asked to be proactive with government, in setting agendas, mounting alternative arguments and promoting debate. This included suggestions that assumptions about the efficacy of business sector practices needs to be refuted, through unmasking poor practices in business sector. Peaks were also seen to be in a position to promote collaboration and work actively against sector divisiveness. In this process, peaks were urged to represent the 'grass roots', and to recognise and clarify different interests of consumers and service providers.

As one participant put it, 'we need to resist and be a little bit spooked'.

#### *Resource the sector*

There were a number of ways in which peaks might resource and support sector organisations. These included developing tools to collect information and to measure sector activity, disseminating information, educating both the sector and the general community about microeconomic reform and its impacts.

In terms of supporting organisations directly, peaks were asked to provide training and information to management committees and staff to assist them to deal more effectively with the process of change.

#### *Research and monitor the reforms*

Peaks were asked to develop strategies for preserving funds for advocacy and research, and to monitor the process of reform. In particular, participants wanted peaks to develop ways of assessing the impact on consumers over the long term.

Results of research and monitoring should then be distributed through issuing discussion papers, and publicising positive models.

### **Program areas: Particular issues**

#### *Children's Services:*

The children's services workshop reflected the increasing emphasis within the area on fee for service, the changes to funding structures, increases in fees to parents, and the extension of government support to for-profit providers. Participants were concerned particularly about the reduced access to families needing child care, the lack of regulations in out of hours school care, the effect that reducing costs would have on the quality of child care, and the reduction in their capacity as providers to cross subsidise to support disadvantaged clients.

The infrastructure of the community based child care sector was seen as particularly vulnerable to decimation through competition with for profit providers and loss of core funds.

The group called on governments to ensure that parents have the opportunity for choice of high quality, affordable child care, and on NCOSS and the Children's Services Forum to help services collate their experience and develop strategies

#### *Aged and Community Care:*

Aged care services were concerned about the financing of their sector and the impact on service quality and consumer rights of the reform agenda. In particular they argued that safeguards are inadequate to protect clients'



rights, that a lack of continuity of service provision could lead to client confusion and that older people were being forced to move out of their houses because of reforms. Although they did see a potential for user fees to enable expansion of services, and provide additional resources, they expressed concern about the possibility of a two-tier system of care developing.

They called on governments to address and recognise aging as socially valuable, rather than an economic cost. This group also suggested that NCOSS promote debate on need for taxation reform.

#### *Health:*

The health sector group was the only one to mention the need for public sector involvement in service provision, which they saw as essential for cost containment. There was a high level of concern about privatisation, with Port Macquarie being given as an example of the problems with short term economic rationalist approach. They called on government to safeguard transparency, accountability, standards, laws and regulations, and appeals, and to shift resources with ideas.

#### *Disability Services:*

The disability services group highlighted the lack of safeguards for citizens who become 'consumers'. In particular they expressed concerns about potential loss of self determination by people within 'case management' models. They argued that there is a continuum of self management and case management that must be taken into account in the application of competition policy

#### *Employment and Training:*

The employment and training groups were concerned particularly about the impact on services to consumers. They expressed concerns about the quality of service to be provided to long term unemployed and those with particular disadvantages in employment services, and about 'creaming', with those most easily placed being best served. They noted that this sector does not have the consumer safeguards and regulatory arrangements that other areas have, leaving unemployed people particularly vulnerable.

Also under threat from for-profit providers, they expressed a concern about the survival of single service providers, and about large outside providers 'taking over'. There were also concerns about the loss of the advocacy role of organisations within the new contractual arrangements.

The group called on NCOSS to consult with unemployed people, and ascertain whether the system is working, and if not, why.

#### *Family and Youth Services:*

The family and youth services group expressed particular

concern about losing responsiveness to community needs, advocacy functions and the effectiveness of smaller organisations. They argued that what was needed was proper targeting and increased funding for more services, staff and management training, and the development of local area services to meet identified need, rather than economic rationalism.

They were also concerned about the impact of the move to individual service based funding, which undermines core infrastructure funding, does not fund community development, and, ironically, ends up using core administration and service money to prepare tenders for individualised service contracts.

With regard to the youth area, participants were particularly concerned about the loss of youth policy work, specialised youth workers, and the push for easily measured outcomes. They argued that youth services need more substantial status, such as distinct policy sections in central agencies in all governments, and longitudinal research and evaluation of the impact of community development (5-10 year time frames). They called on government to take up recommendations of Child Advocacy Report, and the recommendation about independent advisory mechanisms in particular.



## SESSION THREE: Perspectives on the Changes

Panel session, chaired by Annabel Senior (President, NCOSS)

### Speakers:

Kevin Byrne, Disability Council of NSW  
Shawn Phillips, Northern Rivers Social Development Council  
Patrick McClure, Mission Australia  
Astrid Perry, St George Migrant Resource Centre  
Margot Rawsthorne, Ettinger House  
Mark Schlosser, Silver Circle Home Support Services

### Margot Rawsthorne, Ettinger House

Ettinger House is one of eleven Family Resource Centres based in areas of locational disadvantage across Australia. The Family Resource Centre program is a Commonwealth Government initiative aimed at supporting and resourcing local community agencies. For this reason, "industry reform" is something of particular importance to us.

Today I wish to talk from the perspective of Ettinger House only, which is based in Fairfield LGA and focus on the possible impacts of industry reform on ethnic specific organisations, who are a large proportion of our clients. During my preparation for this paper, I came across a number of papers, particularly from Victoria, aimed at "skilling up" agencies for competitive tendering. I want to use these as the basis to explore how industry reform may impact on the settlement process for ethnic and refugee communities.

Ethnic specific organisations, like many community agencies, have developed from concern about the social and economic circumstances of their community, particularly dislocation caused by migration, isolation, poverty and torture and trauma experiences. They reflect a desire of some within the community to advocate for and improve the welfare of others - to assist their community to settle.

How will these communities fair under competitive tendering? A paper entitled "Competitive Tendering Processes and Skills" notes that "the key to winning a tender is: understanding the needs of the purchaser; (that is, the government); the confidence the purchaser (that is, the government) has in your ability to provide a quality service; the cost of your bid." Nowhere in this list does the needs of communities, consumers or clients get mentioned.

In terms of ethnic specific organisations, knowing what the government wants can be difficult indeed. Many come

from non-democratic countries and have a very different understanding of relationships with government. For some people it takes years to overcome fear of people perceived to have greater power, who represent in some way "the government" and some will never really trust our pluralist democratic traditions.

In terms of the government having confidence in the quality of the service you provide, cultural and language differences can inhibit this understanding developing. Many of the management committees operate in languages other than English. It is difficult for these organisations to promote their work in English and for bureaucrats to be confident about what an agency is actually doing if they don't share a common language. In terms of cultural differences, many communities operate on age and gender hierarchies which are culturally foreign for many Anglo-Australians. This widens the gap of confidence.

The same Victorian paper goes on to talk about "Selling your tender bid" noting the importance of "marketing your bid" and developing a "professional image". No doubt we have all seen glossy publicity brochures that look beautiful with little content. Given the lack of community resources in many ethnic and refugee communities it seems unlikely that they will be able to "compete" with larger agencies with more resources and greater experience in producing a "professional image". "Selling your bid" also requires "the right language" which in this case I presume is not Tetum or Assyrian or any other language of refugee communities. "Selling" ethnic services in the current climate, thanks to the so-called Hanson debate, is a bit like selling Big Macs to a vegetarian.

Suffice it to say, "competitive tendering" is likely to compound the existing "competitive disadvantages" of refugee communities in obtaining government assistance for the settlement of their communities in Australia.

Taking a broader critical view of the ideology underlying industry reform reveals there are some fundamental flaws in the world it is proposing. Firstly, it has no analysis of power - it views all people as equally powerful. Only an economist could be so naive (or bloody-minded) to cling to this world view. Aboriginal people have less power than white people, women less than men, people of NESB have less power than ES people, poor people have less power than rich people. These are the qualitative and quantitative facts. People with limited power cannot exercise choice or probably more correctly have less choice to exercise. Secondly, it views the provision of social welfare as a commodity. You may wish to have choice when buying a fridge, but when "buying" childcare you want to know they *all* work.

You want to be sure you child is safe and nurtured by



skilled and trained staff. What you value is the human relationships you child forms. By placing cost central to the provision of social welfare, by commodifying it, we lose sight of its purpose — to create a humane, equitable, respectful, community.

It is important, I believe, to maintain some perspective in this debate. In five years time we may find that “competitive tender” is simply another name for “submission”. It is not clear where our “competition” will come from. Who else is going to work long hours, with little or no tangible outcomes, being held responsible for systems that don’t work by our clients and by others for encourage welfare dependency?

Although I am in danger of being clique, the only thing constant is change. Maintaining a critical viewpoint, advocating for those with less power and providing an alternative voice is a vitally important role the community sector plays. It is not useful, however, simply to say all change is bad or that there is some grand conspiracy “out there” to “get poor people”. After all who is saying the poor are so well off under the system we’ve got now?

The challenge I would like to pose is to “reframe” this discussion — let’s use the sector’s strengths to maximise the potential that Industry Reform results in better services to disadvantaged communities. Let’s name this ideology and provide scathing critiques. But lets not simply bunker ourselves in, claiming no change is good change. Let’s confront these changes with creativity and innovation, not with fear. Thank you.

Ref: Mero, J (1996) Competitive Tendering Processes and Skills

### **Astrid Perry, St George Migrant Resource Centre**

What are the issues for people of non-English speaking backgrounds?

This paper is an attempt to outline some of the changes which have already happened in the sector and concerns which can be anticipated in the context of contract funding arrangements and unit prices for service delivery. The paper is based on conversations with my colleagues and an example experienced by our Centre which demonstrates in a hands-on fashion the difficulties of implementing service delivery based on unit costs, having as a target group people from non-English speaking background.

The first point which has to be made is that migrants and refugees as a target group cut across all areas of service delivery and needs. Therefore, they are affected by any changes in the whole community services sector, ie. child care, housing, employment, etc. However, there

are some specific services such as language learning; interpreting and translations; community grants programs, immigration issues and processes which affect our target group in particular.

In some way we have already seen changes along the line suggested by micro-economic reforms. Since 1993 migrants had to pay for 510 hours English classes before immigration which then formed their entitlement for service. Individual rates of learning and learning capacity is not taken into consideration, once the hours have run out one is not entitled to any further assistance, in general. From about the same time English language services have been hired out on a contract basis with AMES (among others) being one provider, albeit still under government wings. They in turn hire out some of their services to workplaces, for example, who in turn have to apply for a grant to be able to provide English in the workplace.

Fee for service has been around for some time for interpreters and translators, but increasingly there are speculations that these services may be privatised. Within the community grants we see a shift to increased accountability and service agreements which are considered legally binding documents. Our workplans which need to have tangible performances measures become part of the document and financial penalties may be imposed for non-performance. The term ‘grant’ has also changed to ‘contract price’.

To outline the issues for NESB customers and service delivery an example of an aged care project is useful as it allows for sharing of direct experiences and illustrates practical limitations. This project has now been going for 20 months and we experienced a lot of difficulties with setting it up. The funds for the project are received on a monthly basis according to the number of services delivered, ie. number of clients per day of service. Service delivery is calculated as a standard amount per client per day. Each month an accountability statement is submitted within which service delivery may vary which means that the funds received will vary.

Needless to say, there is a lot of insecurity about whether we can employ staff on a permanent basis, whether we can afford rent, stationary, equipment, etc. Long-term planning is almost impossible, especially in the beginning of a project. Due to these limitations, financial decisions were made which proved to be impractical once we had a full project. These were costly decisions in terms of service effectiveness, staff morale and commitments to staff and consumers, ie, all bi-lingual staff had to be employed initially on a casual basis.

Payment methods like these also force a service to take on clients as soon as possible and does not allow for a waiting period to accept a client who may have higher needs for the service.



The most important aspect, however, in the present context, is that the unit price is the same for all clients, yet clients from non-English speaking background need additional resources, strategies and attention to enable successful service delivery.

In comparison to a mainstream project we need:

- Relevant bi-lingual staff for five different languages
- Translations of contract material and pamphlets
- Interpreter or staff hours to conduct client assessment and eligibility
- Bi-lingual staff hours to negotiate with relatives as many clients live in extended families
- Culturally appropriate meals which may have to be purchased from restaurants or cooked by bilingual staff
- Extra staff training as there is limited qualified staff available which is interested in this type of work and speaks the relevant language.

Our concerns with the reforms are based on these sorts of experiences. Quality service delivery which needs to include interpreting, translating, culturally appropriate strategies are easily compromised if funds are given to individuals or funds are allocated on a per head and service delivered basis. When one had a fixed grant for a specific purpose and funds were not tied to individuals there was a certain flexibility of how funds were managed and one had a fixed funding period which allowed for planning.

The idea of for profit services also includes the risk of these extra steps not being taken for financial reasons in a climate where interpreters have to be paid for in most circumstances.

The provision of funds to individuals to choose their service has limitations when the individual who has to negotiate services is not fully informed; does not understand the rights; does not necessarily understand what constitutes a good service and may not speak English well in the first place. Additionally, there are only limited number of services available which would be culturally appropriate so that there is less to choose from altogether. In some sectors there are no real market forces possible when the range of available services is so restricted as in child care, for example.

Our biggest concern at the moment are the severe access restrictions to labour market programs for migrants (ie. two year waiting period) and the new arrangements for

case management of unemployed people. While we do not know all the details of arrangements yet, we are very concerned that migrants' needs are too costly for private contractors and that unemployed people will be pushed into jobs which do not match with their qualifications and aspirations.

Lastly, on behalf of migrant and refugee consumers we need to negotiate for quality services which are culturally and linguistically appropriate and take care of consumers' needs without being compromised by financial implications.



## SESSION FOUR:

### Workshops: Key issues in microeconomic reform

#### The Workshops

The afternoon workshop session followed a similar outline to the morning sessions, but with a focus on particular key issues confronting the sector through microeconomic reform. Workshops were held on competitive tendering and contracting, case and place management models, quality, service provision, and changing organisational structures.

The aims of these workshops were to:

- Provide participants with a brief overview of current thinking and concerns in the issue area
- Identify, through participant discussion, the advantages and disadvantages of the current direction
- Identify who will benefit from the reforms
- Identify the way forward, and action that people wished government and the peak agencies to take

Each workshop began with brief presentations by two or three speakers, and then opened up for discussion. Key points of discussion were documented.

Workshop: *Competitive Tendering and Contracting*  
Speakers: *David de Carvalho, Australian Catholic Social Welfare Commission*  
*David Meltz, Faculty of Law, University of Technology, Sydney*

Workshop: *Case and Place Management Models*  
Speakers: *Prue Sky, Community Care (Northern Beaches) Inc*  
*Gary Moore, NCOSS*

Workshop: *Quality*  
Speakers: *Penny Ryan, RPR Organisational Consultants*  
*Jeanette Antrum, Meals on Wheels*

Workshop: *Service Provision Alone?*  
Speakers: *Jenny Onyx, School of Management, University of Technology, Sydney*  
*Faye Williams, Inner Sydney Regional Council for Social Development*

Workshop: *Changing Organisational Structures*  
Speakers: *Julie Nyland, University of Technology, Sydney*  
*Deborah Alcorn, TRI Community Exchange*  
*Roy Bishop, Local Community Services Association*

#### Common Issues

The discussion in each workshop was fairly specific to that issue area, but over all the workshops, some themes did emerge. Most of these mirrored the themes that emerged from the program area workshops held in the morning session. These included:

- The questioning of the underlying assumptions
- The impact on the industry
- The impact on consumers
- The need for peaks to assist with information distribution
- The idea of independent bodies to protect the process and the participants

#### Competitive Tendering and Contracting:

##### Advantages

Participants did not appear to see many advantages to the introduction of competitive tendering. Some believed that competitive tendering may contribute to service improvement through setting clear best practice standards, and assist in reducing the marginalisation of community services by engaging the industry in practices common to other industries. Participants also argued that there was potential for the tendering process to introduce a more open process to funding allocation.

As with microeconomic reform generally, some people saw collaboration as being a response to adversity, and the potential for competitive tendering to actually increase cooperation amongst community sector organisations.

It was acknowledged that there was a sharp learning curve for most people on the legal aspects of tendering.

##### Disadvantages

The disadvantages were seen to outweigh the advantages somewhat. These included:

##### *The impact on the industry infrastructure*

In particular, people expressed concern that competitive tendering will undermine the philosophy of the community sector and community management, and lead to a reduction in the number of service providers, and (ironically) less choice for consumers in the longer term.

##### *The impact on organisations and their services*

Competitive tendering was seen to be an instrument of an unequal 'partnership', where governments specify what they want, with consumers having little opportunity to participate in planning process to identify need, and a loss of community input from management committees and volunteers resulting. Participants argued that the 'top



down' nature of the needs based planning by government effectively reduces choice for consumers, with a 'one per region' mentality guiding service planning. The narrowness of specification also leads to a loss of flexibility in service and elimination of advocacy and lobbying functions.

On a practical level, the other main disadvantage was seen to be the increased workload for community based management committees in preparing tenders.

#### *The resources and skills required to 'compete'*

Tendering assumes that the tenderer knows how to judge, monitor and solve legal problems, which are skills not necessarily common in the community sector. The disadvantage of placing the funding allocation system on this type of competitive basis was seen to be the potential demise of community organisations without the tendering skills, or the financial base needed even to tender. Participants posed the question 'if a service closes or tenderer folds, who will pick up clients and how quickly?'

#### *The lack of protection for consumers*

Again, competitive tendering places community services consumers in the same 'game' as other service consumers, but without the same protections. Consumers have no access to Trade Practice Act remedies, or other remedies which should be available such as consumer advocacy.

#### *Contractual complications that may arise*

Competitive tendering has the potential to be legally onerous, and it was argued that contractual agreements are only appropriate in cases where one party may want to take court action against another. Also complicating the contractual agreement was the lack of sound basis for tenders, as participants argued that outputs were uncertain, and the lack of consideration of external factors left the parties to the contract vulnerable.

#### *Future action and direction:*

Participants questioned the validity of competitive tendering in community services, and called on governments to exercise accountability by justifying this reform. They were particularly concerned that governments question the basis for funding allocation in tenders (the use of 'inputs' and 'outputs'), involve the community in setting minimum standards to be used for quality monitoring, and acknowledge that a 'unit' may be a community, rather than an individual.

Participants also identified a number of concerns that they wanted addressed by governments in their implementation of competitive tendering. Participants were concerned that the process of tendering involve accurate information being provided, appropriate protection under the Trade Practices Act, and suggested that the use of an independent accredited agency may be advisable.

Following the concern that some areas of community sector work would be ignored or eliminated by competitive tendering, it was suggested that separate specifications be developed for different service areas (such as information, advocacy and referral) and that these be dealt with in separate tenders.

Participants called on peak organisations to study overseas and Australian models of tendering and the results, and to disseminate this type of information. There was also a need identified for community education, in plain language, about competitive tendering.

Peaks were also asked to continue to work on the health and community services interface, and with government on effective and appropriate approaches to tendering. There was a suggestion that government has been ill informed about competitive tendering, and that NCOSS might coordinate a strategy for providing government with more balanced information.

Suggestions also were made that a body to represent the interests of smaller community organisations be established.

## **Case and Place Management Models**

### **Advantages**

The group was generally highly critical of case management, and did not list any real advantages. The only advantage of place management that the group listed was its capacity to contribute to local area coordination and facilitate the departmental communication.

### **Disadvantages**

The group was highly critical of case management, for the following reasons:

#### *The implications for clients*

Participants argued that some aspects of case management represented a power imbalance in the relationship between worker and client, a patronising concept of management of a person's life, and that the language of case management represented a shift away from a balance of power between consumer and service provider. Concern was expressed that case management could reduce the self determination of individuals, particularly in the identification of their own needs in terms of health, housing and so on.

Place management, as a model, was also seen to have the disadvantage of being directed from above, with no movement of information or input 'upwards'.

#### *The resources required*

The case management model requires high levels of



resources, and time. The group pointed out that cost effectiveness is not necessarily part of effective case management.

#### *The outcomes that are expected of case management*

The use of case management as a panacea for a range of service problems was seen to be a risky. There was concern that case management would become a preferred model, and that the assumption would be that it could effectively replace other service models.

#### *The bureaucracy involved*

Case management is a model that is appearing across sectors and departments, and involving further layers of government seems all case management.

#### *Future action and direction:*

Participants called on government to reject those aspects of case management that shifted power away from consumers, and to ensure that national strategies were developed that incorporated regional and local interpretation.

As with most other aspects of microeconomic reform, participants felt that governments had only conducted token consultation, after policy shifts had already been made, and called on government to institute real partnerships, which included the community sector.

Peaks were also asked to follow through on these issues by examining the regional appropriateness of 'place management', negotiating flexibility of national and state strategies and negotiating partnership arrangements.

Peaks were also seen as having a role to play in disseminating information quickly and facilitating debate for all groups.

## Quality

### **Advantages**

The introduction of quality standards was seen by the group to have a number of advantages, and to offer some interesting potential. These included:

*The use of standards to develop a more independent industry*  
In particular, the group felt that the sector could be self governing and responsible for standards.

#### *Improvements in service quality*

Quality standards were seen as a useful tool for the ongoing improvement of service. By promoting high quality of service, service delivery to consumers should be enhanced, standards improved and gaps filled in all community services. By purchasers linking funding to standards, service providers who did not meet standards

will be forced out of the field.

#### *Enhancement of the position of consumers*

Most quality standards theory progresses from the point of view of the consumer, and therefore offer the opportunity for more consumer input into the setting of standards, although participants acknowledged that this may take some insistence from consumers.

### **Disadvantages**

There were a number of concerns and cautions expressed about quality standards in practice. These included:

#### *The problems in actually setting standards*

Although ideally standards involve consumer input, the degree to which this might happen in practice was a concern, as was how 'quality' is actually defined. In practice, there is often a tension between definitions of quality and the preparedness of governments to pay for quality. To overcome these disadvantages, the group argued that consumers and community service providers need to define quality, and do this in a way that enables strong arguments for resourcing.

#### *The resources and skills needed*

The cost of meeting quality expectations can be substantial (for example, operating through the Australian Quality Council). This cost, and the technical aspects of quality management, present particular difficulties for voluntary organisations and could lead to the loss of volunteer involvement. To overcome this disadvantage, the group suggested that there should be training for volunteers, and recognition of the skills and experience that they do have.

#### *The potential for discrimination*

If the quality of service improves without matching resources, then fewer services will be available. The disadvantage is that access will become further restricted, and many will miss out because of the quality service for the few. An emphasis on more regulated quality may also mean that certain types of services are discriminated against, such as risky, more creative services (for example, some youth services)

#### *Future action and direction*

Participants outlined the need for a number of assumptions and expectations to be challenged, and in particular for governments to accept that quality standards cannot be treated as a cost cutting exercise. The points were made that 'quality means standards and standards cost money', that quality services provide the best value for money in the long term, and that in the process of developing appropriate standards, social outcomes and values needed to be included.

It was felt that governments needed to ensure more consumer input in standard setting, undertake more research on what consumers want, and undertake more



research on standards based approaches generally.

In the setting of standards, participants recommended that the measurement of intangibles in quality setting (eg relationships) needed to be included, and that governments should be warned against using resource limitations to set the standards, and set the optimal standard rather than the minimal.

The group underlined the problems of ensuring quality in practice, and cited the child care sector experience of lack of ongoing monitoring in the accreditation system. The suggestion was that government be held to its own rhetoric and to guaranteeing service levels.

Within the industry, the group wanted peaks to pursue a policy of 'effectiveness first', by assisting groups to achieve quality services before focussing on efficiency. A need for more information on what is happening in other areas of community services was identified, and the group suggested that peaks could encourage service providers to use peak bodies more, and develop a stronger voice at peak body level.

One option suggested for ensuring the appropriate development of quality standards in community services was the establishment of a peak quality council for community sector.

## Service Provision Alone?

### Advantages

The group appeared to see very little advantages in current trends towards a narrow focus on direct services, which they saw to be at the expense of community development. They did however comment that the potential may be there for providers to have more control over which services they 'purchase'.

### Disadvantages

For this group, this trend represented the undermining of social capital by economic rationalism. Participants outlined the effect of the disappearing welfare state, and the lack of a value system in economic rationalism. They cited self interest replacing caring, individuals losing community, dignity, and the devaluing of community, common good, and the value of work under economic rationalism.

In practice, the trend leads to advocacy, policy making and community development becoming separated from both social policy and service provision. Participants argued that increasing specialisation, and competition, would work against principles of effective service provision through a holistic approach.

They saw particular disadvantages in the practice of competitive tendering, which they argued would disempower the community sector.

### Future action and direction

The group argued that social capital must be developed and maintained to have a civil society. They called on governments to recognise the investments made by community development in social capital, the link between building social capital and a strong civil society, and that government needs the community to create social capital.

They suggested that the community sector need to take the offensive to create social policy that enhances social capital, and proposed developing think tanks to combat economic rationalist ideology and create alternatives. As part of this process, they suggested that the community sector should collect facts and research through its own service provision and advocacy, and use this in policy consultations with governments, feeding in case study examples to support positions. The group saw theories of social capital as a particularly useful base to encourage policy changes.

They called on NCOSS and other peaks to help by assisting local groups to skill up, perhaps by distributing fact sheets to local communities, and by educating the wider community to fight for different model.

## Changing Organisational Structures

### Advantages

The group saw a number of advantages in the current pressures on community management. These include:

#### *Opportunities for revitalising community development and community management*

Potential exists to create a new sense of community management, and to re-examine the principles of community development

#### *Collaboration*

In response to the pressures within the sector, it is possible that adversity draws people together, creating the opportunity to share resources and develop partnerships in management of community organisations. This included the potential for management committees to cooperate and collaborate on creative responses to microeconomic reform, such as pooling funds, and collaboration with local government, with community service managers helping 'coordinate' local services.

#### *Innovation*

The group outlined a number of ways in which they believed providers were being forced to think about diversity and innovation, particularly in their fund raising



and management methods. Providers are looking at small business options, fee for service, using outplacement services for some areas and using skills of organisation to keep main business viable, and innovative ways to use Sales Tax exemption. They did, however, also point out that continual change and needing to be creative wears thin after a while, and that sponsorship comes at a cost.

#### *Better focus on skills*

The group suggested that such trends as competency standards, service standards, and benchmarking were encouraging better planning, and improved quality of management. They argued that this linked well to principles of skilling volunteers, and providing opportunities to put skills into community sector and enhance community development.

#### **Disadvantages**

The disadvantages in this area focussed primarily on the status and professionalisation of community management. The group discussed the poor public perception of community agencies, seen by many as a form of quasi-government organisation. The pressures to then become more like better known forms of management has placed severe strain on community management committees.

In response, the composition of many management committees is changing to accommodate need for particular types of management expertise, with a resulting loss of consumer focus, knowledge and skills in area of service provision. Under the pressure of the workload of administration, many management committees employ professionals, and as a result, lose community ownership of organisations. Some small organisations are responding by amalgamating with larger ones.

The group also echoed concerns of other groups about the impact on consumers as services construct, the loss of focus on social justice issues, the lack of equity being created, the divisiveness of the economic rationalist agenda and the problem of survival for small organisations.

#### *Future action and direction*

The group outlined a number of areas in which action could be taken. These included:

##### *Promoting the community sector*

The group looked at the potential for the community sector to 'sell' itself better, and suggested that the COSSs should collaborate to research and evaluate the community management model, promote community management as a means of community development, and promote volunteerism as a more worthwhile activity. They also suggested that management itself needed to be valued more, perhaps through sitting fees paid to Board members, and peaks resourcing management committees.

##### *Developing better relationships within the sector*

A number of ideas for work on breaking down blocks between service areas were discussed. These included better networking to open up existing management support resources to wider community, developing clearing houses for information on management support that is available, working more closely with local government, and establishing a consortium for accepting tenders.

The group also commented that NCOSS seems removed in some areas, and suggested that it work more with regional bodies and councils. They were particularly interested in NCOSS making its position clear statement with regard to support for community management and diversity of the sector. They suggested that NCOSS should do more for and with smaller organisations, and expressed a feeling that larger, church based organisations were more likely to be involved in significant consultations.

##### *Building better resourcing for community organisations*

The group suggested that peaks could support by training and assisting community sector to better raise funds and income, sharing useful information, assist the development of regional councils as information and training provision agencies, and by promoting examples of best practice and publishing case studies.

##### *Lobbying for a better response from government*

The group saw government as not well informed about community management and community development, and called on government to take advice from wider forum than it currently does. They suggested that government needs to make clear statement about value of community management. They argued that community management is responsive, and can provide good outcomes for consumers, and that government should, therefore, be asked to support, fund and resource community organisations. This included affirming the value of management committees, paying for infrastructure for management, funding resource peaks

They also argued that government should be reminded of the link between community development and quality, and pay for community development.

##### *Better change management by government*

The group emphasised the need for some level of stability around changes such as competitive tendering, changes to program funding, restrictions and area boundaries, and called for better coordination and planning by government, better resourcing of the process, and better mechanisms for consultation for change.



## SESSION FIVE:

### Bringing it together:

#### Towards a sector position on microeconomic reform

The final session was an interactive discussion, drawing together key issues and viewpoints. A summary of outcomes from the morning workshop session was reviewed, and then an open discussion invited. The discussion aimed to explore common concerns and future action. The session was facilitated by Julie McCrossin.

#### Discussion from the Final Session:

A short, but intense discussion covered a number of areas. People were generally focussed on the future, and the types of actions and directions they believed were needed. The following emerged as the key concerns for future action:

##### *Collaboration*

A number of people spoke passionately in favour of concerted, sector wide collaboration and the better use of collective strength and energies. People reminded the conference that the sector is a significant industry, and that it has the potential to lobby and argue effectively against the aspects of microeconomic reform that it believes are not in the best interest of social justice.

A note of caution was sounded, however, and the conference urged not to ignore the differences that exist within the sector. It was argued that collaboration cannot proceed until the sector recognises the competing philosophies that exist, and resolves these tensions.

##### *Shifting paradigms*

One of the themes through the day had been the need to develop alternative arguments, and to promote a different 'paradigm' to that of the economic rationalism contained in the current microeconomic reform agenda. This was supported by people, who urged the sector to argue the value of cooperation, point out the inadequacies of competition policy, and the inconsistencies between government policies of 'competition' and 'partnership'.

Some people expressed strong concern that governments were not unaware of the problems with the current agenda. They raised the concern that governments were fully aware of the unfairness of the reforms, including its impact on social justice and services for individuals, but that 'they just don't care'.

Another suggestion was that the focus for promoting a different paradigm should be the general community, rather than government funding bodies, and that the sector should be aiming to shift thinking on a broader scale.

##### *Resourcing*

A suggestion was made that internal levying by the sector could raise significant funds for the types of projects that would assist the sector, and thus achieve independence from government. There was strong opposition to this suggestion by many, and the point was made that significant contributions of over \$3 billion annually are made through the taxation system. Nonetheless, ACOSS gave an example of how a method of contribution by members to specific projects has worked well for them as an organisation, and enabled them to carry out important research projects, such as econometric modelling, independently from government.

##### *Access to the process*

The sector still has no 'voice' in the COAG process, and the conference was reminded of the work that ACOSS and COSS are doing to attempt to force better consultation access.

##### *Attending to 'missing pieces'*

The insignificance of volunteers within the microeconomic reform process had also been a continuous theme through the day. In the final session, people reminded the conference about the position of workers, who as both employees and service providers, were more likely to feel the impact of the reform process than any other group. The conference was also reminded about the close collaboration with local government in many areas, and that governments seemed oblivious to the amount of resourcing of community services that could well disappear, and costs go up through the introduction of tendering.

##### *Attending to feelings*

The importance of ensuring the sector recognise the feelings of powerlessness that are common, was stressed, and the suggestion made that the peaks look at ways of assisting the sector to become more empowered and to 'feel better about ourselves'.

## Conference close

*Gary Moore, NCOSS Director*

There probably needs to be another two whiteboards on actions for peaks that have just come out of the last forty minutes. I just want to say a couple of things about things that are occurring and make one or two comments on some of the suggestions. Alison raised the importance of the component bits of industries, and it is interesting that when other industries are under reform, restructure, attack etc, that employers, unions, advocates and consumer bodies frequently get together to push back or to negotiate or to argue against. Seems to me we are an industry. We really do need to think about all the key stakeholders in this industry — not just service providers



— working together. The other thing that usually happens is that governments usually pay industries for restructuring packages. We don't have this in this industry — it is interesting to think what a restructure package might look like for community services. NCOSS is involved with the state government, in terms of we think that there are some opportunities at the state level to halt this agenda, to try and put some decent safeguard around it, and also maybe to start talking about an alternative paradigm.

It is early days yet, and I think in the morning session, when Harry Herbert got up and said to Kate McKenzie, wouldn't it be good if the Premier or the Deputy Premier actually said competition policy shouldn't apply to human services in NSW. Well, we think that is exactly what Bob Carr should do and we think that we should be pushing them to do that.

There is no doubt that people have raised questions about far better assistance with coping with the brave new world. There are a lot of documents around about tendering, how to deal with different processes, but that information is really not available on as accessible basis in NSW yet. It seems to me that is one other area that the peaks in particular have to look at. The suggestion about the peaks working together — I couldn't agree more, and it seems to me that the Forum of Non Government Agencies, at least at one venue for peak organisations, these issues and these recommendations from today have to be talked about at that forum immediately.

A couple of other things. ACOSS — very bravely in many respects and strategically — has been involved with trying to put tax reform — genuine, comprehensive debate about tax reform — on the national agenda, basically so that we can increase the revenue base and so that we can more fairly distribute it. It seems to me that we are going to have a tax reform debate before the end of the century and we need to be part of it, right there, right at the centre, and we need to be saying it because we need more resources and we need better deals for people, not this agenda which simply says more with less.

So there are other debates that we have got to be involved with and at the centre of. ACOSS have also considered getting polling organisations, when they poll citizens, notions of their social confidence. Maybe we should be talking to polling organisations about asking people what sorts of services they want, what kinds of community they want. Maybe we should be out there in the market place of ideas in that sense, putting our views in a much more populist way, and finding out what people want.

The last thing I would say is that there is a state election here in March 1999. That is two years away, but governments, and political parties start becoming

responsive to ideas in the next 12 months. It may well be that we need to be thinking about our own charter of reform and developing that, at least at the state level, in the run up to the next state election, and dealing with this agenda in our own charter of reform.

## THE END

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