After Beveridge: the State and Voluntary Action in Australia

Paul Smyth
General Manager, Research & Policy Centre, Brotherhood of St Laurence
Professorial Fellow, Social and Political Sciences, University of Melbourne

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Introduction
In 2008, the newly elected Labor Government of Australia initiated a public consultation process with a view to establishing a national Compact with the voluntary sector. This was presented as integral to the implementation of its new social policy agenda: social inclusion. This apparent reanimation of the British social policy influence in Australia – in eclipse since the 70s – means that the Beveridge period in British social policy acquires fresh significance for Australian researchers seeking to clarify the role of the voluntary sector.\(^1\) Of course, the policy transfer between the two countries has always been complex and there is no suggestion that Australia will simply imitate New Labour’s reconfiguration of the voluntary sector. Always very dependent on the state, the sector’s role in Australia was relatively minor in Beveridge’s day but was to achieve significant growth with the late development of the welfare state in the 1960s and 70s. Role expectations on the sector changed and it

fragmented in the 1990s when the influence of neoliberalism undercut the postwar social policy roles of the state. This paper will suggest that the future of the voluntary welfare sector in Australia will depend on how the roles of the state and the market are reset within Australia’s adaptation of the social inclusion agenda.

As Tennant has noted there is a bewildering array of terms attached to ‘voluntary action’ and here our focus will be on what she calls the ‘voluntary welfare sector’ known in earlier periods as ‘charitable agencies’. This is a narrower field than the volunteering which was the subject of Oppenheimer’s path breaking study. The paper will emphasise the importance of understanding the sector in its relation to other welfare providers (the state and the market). As Fyfe has argued, the sector is best ‘conceptualised as lying within a triangular tension field, the cornerstones of which are the state, the market and the informal sector’ with the role of the community sector being constantly shaped and reshaped by the influences emanating from the other sectors. In understanding this relationship others have stressed the importance of ‘social origins’ and with that a sense of national ‘path dependencies’. The notion of a pathway is purposefully dynamic and points to the fact that sector roles are not static but continually evolve in response to changes in the wider environment. The point was of course well expressed by Beveridge in terms of the ‘moving frontier’.

Oppenheimer’s work on volunteering aside there has been very limited historical writing on the role of the Australian voluntary welfare sector in the postwar period. Most accounts are older and reflect the once fashionable view that it had been the sector’s fate to be displaced by the welfare state. In the United Kingdom it would seem that a kind of revisionary historiography has emerged which positions the voluntary sector as something of a casualty of welfare state development and finds in Beveridge’s 1948 salute to voluntary action a call to arms to revalorise its roll. Here

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it will be proposed that in Australia - as Tennant has found in the case of New Zealand, independent voluntary effort was never seriously seen as an alternative to the state.

**The Voluntary Sector before World War Two**

In 1943 an Anglican clergyman F W Coaldrake involved in the voluntary welfare sector wrote that Australia was ‘on the threshold of the “Social Security State” ... in such a way that every man, woman and child will be provided for with that full measure of “security” which is his inalienable right’. Coaldrake thought that the role of the voluntary sector was to help usher in the day when the state would entirely take over social services from the sector. As it happened, the ideal of a welfare state did not take hold in Australia until the 1970s. This significant difference in the chronologies of welfare state development gave the Australian sector several decades in which to adjust to a new partnership in the co-production of the welfare state. To understand this key difference we need an appreciation of certain distinctive features of Australia’s welfare regime.

Speaking to an American audience in 1946, Norma Parker – a true pioneer of social work in Australia and later Professor of Social Work at the University of New South Wales – pointed out the relative underdevelopment of the Australian non-government welfare sector in comparison to the United States. ‘In comparison with some other countries, she said, ‘there would appear to be a relative lack of private initiative and local effort’. The saying, ‘the government ought to do something about it’, she continued, ‘is heard many times every day in Australia’, and this had led to the low profile of voluntary agencies’. Whether it was Australia’s ‘convict ancestry’, its historical need for strong government action to lead economic development, or the absence of a ‘leisured class’, Parker surmised, a ‘general national attitude’ had been created which had had an important effect on the profile of social services.

This effect has been noted by welfare historians. As Kewley (1965) observed, from penal settlement, to pastoral expansion, to the gold rushes, nineteenth century

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governments had carried out ‘a wide range of functions which elsewhere mostly remained with private individuals and groups…The doctrine of laissez-faire had comparatively few adherents’. In fact, between 1860 and 1914, Australian government played a bigger role in the economy than in any other country. In social policy terms, the key government role was to furnish its citizens with economic opportunity. Alongside this was a policy of encouraging self reliant citizens to manage their own affairs and not to rely directly on the state for the relief of poverty. As many commentators have noted, absent the wealth of an aristocracy and with no parish based infrastructure to implement a poor law, charitable agencies had to be funded by governments to provide this relief. With this residual role it is perhaps not surprising to note with Jones that ‘the many visitors to Australia (in the nineteenth century) rarely, if ever, mentioned Australian excellence in voluntary organisations’.

The major departure from the charity model was the development of a system of old age and invalid pensions in the early years of the twentieth century; but a system which was not universal but targeted to the poor. The major extension to the nineteenth century legacy was the policy combination known as the New Protection which followed federation in 1901. Here economic support for manufacturers was joined with regulation of the wage system to create – through the Harvester Judgement of 1907 – a living or family wage. This completed the policy framework for a market oriented, wage earners’ welfare society. It provides the context for understanding Beveridge’s observation that Australians relied more on ‘Public Action’ than Voluntary Action’ and in particular why trade unions were more focussed on ‘industrial arbitration’ than in the United Kingdom.

The voluntary sector in transition 1945-1960

While Coaldrake’s war time anticipation of a welfare state was to prove premature there were some significant social policy developments at the time. Social security policy was grounded in full employment and a more comprehensive system of income support introduced - albeit still targeted to the needy. Importantly for later developments, income tax powers were transferred to the national government allowing it a new leadership role in social policy development. While the

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development of the welfare state was delayed in Australia – it is often said that there was no welfare state until 1972 when the Whitlam Government assumed office – it is important not to over-emphasise the novelty of the 1970s legislative developments. The forties and fifties were also years of important transitions in the roles of both government and the voluntary welfare sector; a development to which the later years can be seen as more the climax than a disruption. Thus Mendelsohn notes that

Commonwealth and States social welfare expenditures actually rose from $471.9m in 1950-51 to $3,3037.2m in 1969-70.\textsuperscript{11} Brian Dickey’s history also highlights the ‘vast extension’ of services which occurred across the interim both in statutory provision but also in the increasingly subsidised voluntary sector.\textsuperscript{12}

Mendelsohn’s (1954) \textit{Social Security in the British Commonwealth} evidenced a widespread uncertainty regarding the role of the voluntary sector.\textsuperscript{13} The new statutory provisions for basic material need had cut away much of the voluntary sector’s traditional territory, he said; ‘Will it wither and disappear?, or, has it a job to do?’. Observing a new wave of voluntary endeavour in the postwar period, Mendelsohn noted new emphases on more personal and community development work. He pointed in particular to the emergence of case work by professional social workers in the sector as evidence of what he considered its expertise in ‘the handling of human needs and problems where a special degree of tact, devotion and understanding is required’. Reviewing the expert opinion – including the views of Beveridge – he concluded that while provision for material needs must reside in the state, voluntaries were needed to ‘provide the human touch’, pioneer new ways of addressing need and to oppose state paternalism with an approach based on the values of mutual aid.

One of the effects of the Federal government’s greater role in welfare was to raise service standards and with that an increase in subsidies to welfare organisations. This need to negotiate standards and subsidies together with all kinds of policy issues saw the major welfare agencies developing national bodies including, by 1960, the Australian Council of Social Services? In part a pragmatic necessity, the

\textsuperscript{12} B. Dickey, \textit{No Charity There}, Sydney: Nelson.
development also reflected the way in which industrialisation and urbanisation was changing the nature of social organisations in ways that made the meeting of welfare goals a more complex matter requiring both positive government intervention and greater state- voluntary sector cooperation.

Thus the Annual Report of the Australian Social Welfare Council in 1956-57 spoke of the way in which technological progress had brought ‘comforts and amenities’ but its demands and ‘specialisations’ had placed much greater value on the possession of education, skills and intelligence. This left many feeling helpless and sometimes led to ‘personal breakdowns’ and resulting unemployment. In a more complex society, the Report continued, it was harder for individuals to meet their own needs: they have ‘to rely more and more on an intricate system of publicly-provided educational and vocational facilities, health services, income security services and other benefits’. Families continued to provide for many of their members’ needs, it said, but ‘the social and economic structures prevent them from dealing effectively with all the problem’. It was in this situation that ‘there has been in recent years the acceptance of responsibility by Governments’ and the associated development of large-scale social welfare programs. The ASWC, it said had been ‘brought to life’ because of the need to develop an integrated welfare system comprising both voluntary and statutory sectors. Each needed to retain its autonomy, the Report proposed, while becoming a ‘rationalised part of a comprehensive and efficient whole’. Positive social planning based on an intelligent anticipation of need was needed – not an ad hoc reactive approach – so that ‘purposeful effort’ might lead society to ‘a fullness of life’.

More or less unnoticed by historians the period from 1940 to 1960 reveals a voluntary sector learning that indeed it ‘still had a job to do’. Beyond the area of income support, older charitable practices suited to a smaller pre-industrial society were giving way to new endeavours oriented to the challenges of a rapidly industrialising world with new kinds of labour markets, high immigration, urbanisation and changing patterns of family life. In this context a new imperative was recognised for the voluntary sector to work with governments to plan social interventions in a much more systematic way using the latest techniques developing in the social sciences.

Voluntary Sector and the rise of the Welfare State 1960-1980

Roughly forty one per cent of Australian community sector organisations operating in 1990 were formed in the period 1960 to 1979 and a further forty three percent in the period 1980 to 1990. A transformation on this scale did not take place without major changes in the wider policy context. In the early sixties, the old policy regime comprised of full employment, high minimum wages and a residual safety net which concentrated resources where most needed, was considered not without its strengths. However by this time the full employment objective had given way to continuous economic growth as the primary focus of economic policy. Less and less did good economic policy appear to equate with good social policy.

The postwar rates of economic growth were so discontinuous with previous experience according to the economic historian N G Butlin that they demanded ‘an equally radical social and cultural adaptation’ if Australia was to solve the problems ‘of an affluent society’. Moreover the scope for spending on social services was considered quite elastic by economists with its limits to be determined by the political process rather than economic science. Additionally the period saw the decline of the central role of a minimum family based wage as the keystone of social protection; as the wage structure became far more dispersed, married women entered the workforce and equal pay was achieved. In 1967 the industrial tribunal indicated that it was not to be thought of as a welfare agency. In these circumstances the limitations of the traditional ‘safety net’ or wage earner welfare society model became increasingly apparent and a new articulation of an alternative welfare state began to emerge.

It was an indicator of future directions when the 1966 ACOSS conference theme, ‘The Voluntary Principle in Community Welfare’ was dropped as the title for the

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16 Commenting on a survey showing that only 6 or 7 % of people in Melbourne were poor, the economist Downing observed that the comparable figure in the UK was 14% while in the US it was 20%. R. Downing, ‘Poverty and Social Welfare in Australia’, in *Anatomy of Australia*, Melbourne: Sun Books, pp. 51-64.
18 P. Smyth, ‘Closing the gap? The role of wage, welfare and industry policy in promoting social inclusion’, *Journal of Industrial Relations*, 50:4, 647-663.
published proceedings in favour of ‘Citizens as Organizers and Providers’. The new inflection of citizenship signalled a reframing of welfare around ‘rights and duties’. This together with an emphasis on the organization of societies was meant to indicate a new approach in which welfare was ‘not a subject of peripheral interest’ but of ‘central importance to our way of life’. It was to mean a stronger role for government but what of the voluntary agencies?19

In his key note address on the role of voluntaryism, G T Sambell, an Anglican Bishop of Melbourne, began with the observation that the ‘trite aphorisms’ of ten years prior were no longer so persuasive. Then one would have said that the sector’s role was to experiment, pioneer, be more ‘selective and qualitative’ in services; while government agencies essentially applied on a mass scale, services learnt from the voluntary sector. Citing materials from Beveridge’s works, Sambell thought it now undeniable that governments could act creatively and on a vast scale. Moreover voluntaries were sometimes so far behind best government practice that they could be ‘menaces rather than pioneers’. But, also thinking with Beveridge that voluntary action was essential for the health of a democracy, Sambell was concerned at a certain decline in regard for its role. :

I once heard a description given of the Church as like a dear old lady in the middle of the peak traffic at the central railway station, being pushed and shoved about a bit until voice says: ‘Be kind to her. Don’t push her about too much. She’s lived a useful and long life, she hasn’t much longer to go.’ I sometimes wonder when I hear appreciation expressed of the place of voluntaryism whether the same sentiments are present - but unexpressed.20

While Sambell thought the role of voluntary action was increasingly difficult to distinguish from that of government, some of the areas he considered more important for voluntaries in the future were: research based innovation, bringing community

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needs into government planning, and being a critical voice against government when appropriate.

Nevertheless, at that time greater emphasis did attach to articulating the new welfare role of the state; with voluntarism sometimes being associated more with a passing order. A common observation was the failure to develop systematic social planning in the way that economic policy had experienced from the Second World War. Pioneer social policy academic, R G Brown, wrote of the prevailing view of welfare governance whereby ‘social action was equated with charity’ and a pork-barrel approach taken to spending whereby ‘the tendency … [is]…to do as little as possible in a piecemeal fashion in response to political pressure’.21 With the postwar successes of Keynesian economic planning in mind, writers like Tierney demanded a ‘social development’ model in which ‘the scale and quality of thinking about welfare shifts to something like the scale and quality of thinking at present devoted to economic planning’ (p.187).22 Here the theoretical terms for this new macro social policy management were furnished by overseas writers like Wilensky and Lebeaux and Richard Titmuss, especially through the distinction between institutional and residual modes of welfare governance. It was within this new planning framework that the role of the voluntaries needed to be recast.

By the 1970s the idea that society itself might be the object of policy and planning had become a consensual view in Australian politics. Former Liberal Party Minister and then Governor General, Paul Hasluck opened the seventh national conference of ACOSS in 1972 with the observation that ‘social welfare measures are not only a compassionate task of relieving distress or healing the wounds of those who have been hurt, social welfare measures are also part of a great constructive task of building a better society’.23 Significantly for the voluntary sector, he emphasised that this was not a task that could be simply handed over to governments ‘because unless society is, itself, involved in social welfare it is likely that many of the measures will be incomplete or maybe wholly inapplicable’. Social policy was thus facing a similar

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challenge to that faced by economic policy in the 1940s ie how to reconcile the need for state planning to achieve full employment with the freedom of the market.

An early Australian statement of this challenge had been provided by future SA Premier Don Dunstan at the ACOSS conference of 1964.\textsuperscript{24} He cast his paper in terms of Galbraith’s concept of ‘conventional wisdom’ whereby sets of ideas can govern the lives of large majorities of people even though these ideas have little relation to changed objective circumstances. Dunstan proposed that low density cottage housing for traditional male breadwinner households reflected just such outmoded conventions. Policy needed to recognise and encourage a new diversity of family formation and promote high density forms of urban development to match. For these new developments to succeed, however planning had to have effective input from community groups and not just be left to technicians and local power elites. This he proposed as a new field for voluntary agencies in Australia, while expressing concern that existing voluntaries were caught up in conventional wisdom and more likely ‘centred on repairing the family image to the conventional ideal’.

This early observation on a potential role for voluntary engagement in planning and policy as a way of extending active citizenship was to develop as a key aspect of the new welfare model. The conference opened by Hasluck, for example, heard the British academic David Donnison argue the need for a ‘micro-politics’ to complement comprehensive state planning.\textsuperscript{25} The expanding role of social services and income support designed to meet human needs on the basis of fairness meant that ever ‘larger parts of our economy are abstracted … from the operations of the price mechanism’. Without the role of the price mechanism, he argued, it was essential to have an effective ‘political market place where the clients … have their say’. Here he urged the voluntary sector to invest as much energy in the ‘whole “micro-political” world of those who speak for small neighbourhoods and particular groups’ as in the macro world of research and policy planning.


The return of a Labor Government in 1972 after sixteen years in the political wilderness triggered a belated Australian social reform effort along lines evolved in the postwar period in Britain and Europe, notably the Scandinavian countries. A Social Welfare Commission was appointed which led to initiatives in the micro-political world such as the Department of Urban and Regional development and the Australian Assistance Plan, which were of particular importance for the expansion of the role of the voluntary welfare sector. This link to voluntaryism was explored by Jayasuria in his address to the 1974 ACOSS conference. His paper sketched the by now familiar new social agenda wrought by postwar economic, social and democratic changes as well as the case for a universal rights based model on principles set out by Titmuss whom he considered the ‘archdeacon of “Welfare Statism” in Britain’. Without subscribing to all of Daniel Bell’s analysis of the end of ideology, Jayasuria also proposed that Australian society had many of the characteristics of a post-industrial world. Old class politics had receded. Expanding social resources were now being allocated on a ‘Planning model through technical forecasting’ rather than by the market place. It was here, he thought, that the voluntary sector had a new and critical role to play.

The Welfare State need not imply an impersonal bureaucratic form of governance. In this regard his re-reading of Beveridge’s Voluntary Action had proven both ‘reassuring and enlightening’. Beveridge, he said, followed the Webbs in making it a ‘cardinal principle that extensive state action should be joined with the ‘utmost use’ of voluntary effort. This understanding, he noted had been recently restated by the Labour MP, Richard Crossman, who wrote of the role of voluntaries as ‘change agents’ who were active in seeking benefits not just for their respective communities but for the nation at large. For this purpose voluntaries needed to shed a passive and service oriented concept of their role and adopt a more critical and activist understanding. As Jayasuria concluded, skills and resources for political participation were not distributed equally among the citizens. Here he pointed to the emergence of what he called “Animateurs Sociales” – or, social planners and community workers – as a promising if untested way of enhancing a participatory welfare estate.

Of course the welfare state model was contested in the wider political arena. For the radical left, welfare could be no substitute for socialism; while, for what Jayasuria dubbed the ‘recent school of Liberal Economists’, welfare services and benefits should be best left to market allocation with only residual public provision for those unable to compete successfully. However at this time the choice between what Beveridge had described as the Scylla of Laissez-faire and the Charybdis of Totalitarianism looked like being resolved in a new middle way or mixed economy of welfare. Just as the Keynesian economic state had been mandated to solve market failures so the welfare state would address failures in the social system. The state would not abolish voluntary welfare agencies but work with them. The sector was thought to have a range of capacities not found in the bureaucracy, especially those that enabled service users and local communities to be brought into the political processes of policy and service development: a role described by Brown in terms of creating a ‘constituency for the poor’. Of course, all of this happened precisely at the time when the economic policy foundation of the welfare state, full employment, was crumbling around the world.

**Voluntary Sector in the 1980s: quasi public?**

If the challenge of the sixties had been to adapt Australian social policy to unprecedented economic growth rates, the challenge of the eighties and nineties was to adapt newly formed social aspirations to an economy characterised by reduced growth, higher unemployment and inflation. In a first phase of the long lived Labor government of Hawke and Keating (1983-1995) a Scandinavian styled, corporatist Accord sought to re-establish full employment with wage growth restrained in exchange for an expanded social wage. In social policy terms this allowed for a refurbishment of the Australian way: wage regulation continued to play a key role in welfare outcomes while the advance to a welfare state was contained if not reversed. As Lyons writes, this allowed for the consolidation of the newly expanded role of the voluntary welfare sector.

To understand the changes to the voluntary sector in the 1980s we have first to appreciate the dimensions of the expansion which had occurred in the welfare sector.

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Commonwealth spending on social security, health education and welfare grew from 5.2% of GDP in 1965-66 to 13.4% in 1985-86 with the great bulk of the growth occurring in the years between 1973 and 1975. In terms of employment in community services this translated into employment growth from 10.1% of total employment in 1966 to 15.1% in 1986 having peaked at 17.6% in 1984.\textsuperscript{29} While it is not possible to disaggregate these figures to quantify changes to the voluntary welfare sector, what is clear is that this major growth had changed the character of the sector, a change even reflected in its popular nomenclature: references to ‘charities’ or ‘voluntary organisations’ gave way to terms like the ‘community services industry’.

This growth in the sector soon led to more systematic attention from researchers and policy makers alike. A 1992 study by the Victorian State Government noted the expansion in social outlays in that State (including Local Government) from $520 million in 1983 to $800 million in 1990.\textsuperscript{30} The main new developments had been in the areas of: neighbourhood houses providing personal support, advocacy, education and recreation; development of home and community care for people with disabilities and the aged; supported accommodation and assistance for the homeless; as well as in children’s services. Reflecting the mixed economy framework articulated in the seventies the Report described these developments as corresponding to a ‘social justice framework … promoted through a planned partnership with local and non-government organisations’. Within this planned partnership framework, the sector was presented less as a discrete and autonomous entity and more as a part of the larger ensemble of service providers making up a community services ‘industry’. Within this industry, however, a blurring of the sectoral boundaries presented a new set of issues for those concerned about the distinctive contribution of voluntary action.

Thus, at a conference in 1987 examining the state of what were called ‘community services’, Andrew Jones used the example of the family day care service which had developed in the early 1970s to highlight what he called the ‘transformation of private


relationships’ which had been occurring within the field of community care. What had once been informal and private was being brought across into what he called a ‘quasi-public’ sphere. Family day care services, he explained, had once been ‘low cost, maternal-like and informal’ but had become more regulated and its providers given more status, a status which ‘increasingly resemble(d) that of public employees’. The more public a voluntary service became, Jones observed, the more the pressure to change role ‘expectations, obligations and exchanges’.

The most sustained reflection on this transformation of much voluntary action from the private to the quasi-public sphere was provided by feminists writing on gender and social policy. Importantly, the proportion of married women employed in community services had increased from 16.4% in 1966 to 30.3% in 1984 while the proportion of women in voluntary welfare activity was especially high – seventy per cent in one study of South Australia. Vellekoop-Baldock’s study of Volunteers in Welfare grew from her interest in the conflicting perceptions of volunteering as a valuable activity for opening up opportunities for self development and social engagement for women, and, volunteering as a source of ‘scab labour’ pushing down the wages of paid workers thus allowing a low cost service option for governments. She found that the preponderance of women especially in the welfare sector of volunteering was a result partly of gender stereotyping but also of women’s marginal attachment to the paid labour force. Vellekoop-Baldock placed high value on the role of volunteers and had no fear that voluntary action would disappear. However she thought the voluntary welfare sector in Australia was over inflated with what was in effect exploited female labour. Labour market conditions in Scandinavian countries, she noted, led to virtually no volunteers in the welfare sector. From this perspective it would seem that the voluntary welfare sector in Australia was stuck somewhere between its charitable past and a more universal style welfare state future.

Other challenges to welfare voluntaryism which had emerged in the new mixed economy were also revealed in Vellekoop-Baldock’s study. It showed that the more funds voluntary organisations received from governments the more they needed to


organise themselves on bureaucratic and hierarchical principles. This trend conflicted with those practices of ‘participatory democracy’ evolved in the seventies and which she found motivated many organisations. Further it created pressures to enlist what was called a ‘better class of volunteers’ and also to tensions between professionals and volunteers within organisations. Voluntary welfare agencies, she noted, had been more reliant on government funding and were more susceptible to these trends than either social action or self help groups.

In fact, Vellekoop-Baldock’s solution to the tensions in the voluntary welfare sector – through a shift into a Scandinavian style regime – ran against a national and international trend to reduce government’s role in both economic and social policy. This conservative turn was reflected in a conference in 1989 convened to consider a campaign by unions for an award to cover what was called the ‘social and community services industry’. Scoping the conference theme, From Charity to Industry, Lois Bryson thought it reasonable that community service workers would want their work treated in similar manner to other industries. The work of welfare had been stigmatised by its historical links to poverty and charity, she said, and an award would allow for proper regulation of wages and conditions and open up opportunities for training and career development. At the same time she saw a danger that the positive values of voluntary action might be lost. Turning charities into industries she considered a ‘modernising move’ which had come late to the charities sphere. Noting the ‘disenchantment of the home’ and the commercialisation of amateur sports she thought that some of the more positive elements of the ‘noblesse oblige’ notion might disappear with the ‘modernising’ of the voluntary welfare sector. ‘Capitalist values of competitiveness, self-seeking, lack of concern, rationalisation and so on, she said could be accentuated to create a heartless world indeed. We might be hastening the construction of that ‘iron cage’” of which Max Weber had warned. Her fears were heightened by what she saw as the ‘scant support’ for the Labor Government’s ‘social justice’ agenda.

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This last concern was echoed by the then Deputy Prime Minister Brian Howe.\(^{34}\) Reflecting on the life of Beatrice Webb, he thought that the ‘very best elements of social reform have always been driven by a desire to achieve social justice which is after all much more than the provision of services no matter how equitably they are divided’. (p.5) By implication the role of the voluntary sector had to be fundamentally about more than delivering services for governments. By talking themselves into an industry model, Howe believed, people would be locking their minds into the ruling ideas of the day and become unable to ‘think about the fundamental causes and threats to social justice’. However, he agreed with Bryson’s assessment that the ‘concept of welfare had become marginalised. Nowadays rather than talking boldly about welfare, we become extremely apologetic about welfare’. At the same conference Watts and Weeks argued from class, feminist and social movement perspectives that without such a social justice horizon, the sector could be ‘lured by the promise of prestige’ into an industry that did little more than administer ‘refined techniques of control and social order’.\(^{35}\)

In the 1980s what had been seen as ‘charities’ now found themselves as a ‘quasi public’ segment of an industry set up within the planned partnership framework of a welfare state. Pressures grew to modernise or professionalise its functions: to regulate its workforce and be accountable for significantly increased government funds. A particular challenge was to prevent the sector being used simply as a cheap alternative for duly recognised and properly remunerated public services. However as the decade closed the welfare state framework itself was unravelling as universalism rolled back to residualism and with that the very idea of government having a positive social planning role. In this shift towards neoliberalism, the public sector became contained and the voluntary welfare sector found itself increasingly exchanging the micropolitics of participatory democracy for the discipline of the market and quasi-markets

**Voluntary sector in the 1990s: a quasi market?**

In the 1990s, the growing influence of economic rationalism, or neoliberalism, saw Australian governments progressively dismantle their former ‘strategic leadership’


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role in the economy in favour of a static, supply side approach. In the eighties the economy was opened to global markets through tariff reductions and financial deregulation; while in the nineties the focus was on micro economic reform. The latter was associated with a public sector reform agenda which, as Considine observed, was ‘devised as a direct challenge to the role of the postwar Keynesian welfare state, and therefore to the role of social work and welfare practice’. 36 (Considine 2000, p. 74) The role of the voluntary welfare sector was remade once more; this time as a quasi market.

In 1993, the role of wage regulation as a social policy instrument was largely reduced to minimum wage setting with ‘safety net’ awards for the bottom 20 per cent of workers; while the full employment goal was effectively abandoned in 1994. The option for smaller government and the return of residual welfare was reflected in the reduction of the Commonwealth revenue base from 27.8% of GDP in 1986-87 to 24.2% of GDP in 1992; while public expenditures reduced from 28.8% of GDP in 1986-87 to 26.7% of GDP in 1991-92. Welfare sector researcher, Peter Allen, noted in 1993 that ‘the social goal of “distributional justice for all” had become “conditional welfare for the few”’. 37

The task of promoting, explaining and implementing the new model largely fell to the Government’s own economic agencies. Their template for microeconomic reform, the Hilmer Report observed that government monopolies in welfare and community services could be opened to competitive tendering processes with potential savings to the public purse in the order of twenty per cent. 38 The key initiatives shaping the future of the sector soon followed: the reform of employment services and the report of the Industry Commission on Charitable Organisations in Australia. 39

For the first time in Australia the latter mapped and quantified a voluntary welfare sector which had grown so much over the previous two decades. It was found to have an annual expenditure of $5 billion, of which over $3 billion came from direct and

36 M. Considine, 2000, p.74
indirect government support. The report also furnished the discourse and instruments of what became known as the ‘Contract State’.\textsuperscript{40} Using these instruments governments, it suggested, would increasingly move out of direct service delivery competitively tendering these to for profit and community based providers.

This reform agenda of government was not typically presented as an attack on the welfare state. In the widely adopted language of the American authors Osborne and Gaebler the task was presented rather as ‘reinventing government’ and in particular through separating policy making functions (steering) from service delivery (rowing).\textsuperscript{41} However as numerous authors have observed, such approaches to reinvention were laden with assumptions directly antithetical to the welfare state. This was not a model such as Hasluck had foreshadowed, in which citizens came together in the ‘great constructive task of building a better society’. Rather as Alford and O’Neill observed in their study of what they called the Contract State, the ‘pervasive assumption’ of the ‘public choice’ theories informing the reinvention was that ‘people are self-interested utility maximisers’.\textsuperscript{42} Competitive tendering by the Contract State became the means to limit the growth of governments by curbing the ‘budget maximising’ behaviours of bureaucrats and the ‘rent seeking’ activities of interest groups.

The flagship of the quasi market approach in Australia was the Job Network. This developed out of an inquiry into the Commonwealth Employment Service in 1994. The resulting White Paper abandoned the traditional understanding of sectors with different but complementary roles. Taking its cue from the Hilmer Report, it recommended the introduction of a measure of ‘healthy competition’.\textsuperscript{43} Competition it thought would drive improved customer service and promote service innovation. A separate government agency was to be established to regulate the competition while all providers including the government service deliverers would compete for the full range of services. Under the Howard Government (1996-2007) this was scaled up to

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become a fully fledged competitive employment services model known as the Job Network. While not all pervasive across the full range of social services, as Brennan notes, the thinking behind the Job Network was to inform Australian social administration well into the twenty first century.  

Today it is an established consensus that the application of ‘quasi market’ theory failed to fulfil the promise of greater customer satisfaction and service innovation. Thus the Job Network is recognised as having been more efficient in terms of savings to the public purse but at the cost of being overly centralised and regulated. While suited to the delivery of certain mass scale, standardised products the model hindered responsive professional practice; and caused the unique circumstances of localities and individuals to be overlooked. McGregor Lowndes has catalogued the ‘discontents’ from the community welfare sector in terms of: burdensome and ineffective reporting requirements; adversarial relations replacing trust and partnership both within the sector and between the sector and the bureaucracy; transfers of legal and financial risks to the sector; and the use of funding contracts ‘to curb and control criticism of government policy or even participation in its formation’.  

Indeed, the quasi market experiment in Australia is now more clearly seen to have been less about ‘reinventing government’ as Osborne and Gaebler had proposed and rather about dismantling government. Rather than complementing the welfare state as in Beveridge’s vision, here the voluntary sector was being realigned with the market in an attempted displacement of the welfare state. As McGregor-Lowndes writes: the ‘broad implication for the provision of community services is that the Beveridgean welfare model of state-provided services in fulfilment of citizens’ rights and  

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entitlements’ was ‘replaced by notions of contracting out services, of a hollowed-out state and the creation of markets or quasi-markets for community services’.  

**Voluntary sector today: a new Compact with the state**

The ‘tension field’ in which voluntary sector finds itself in Australia today is once again set for a significant realignment. In the manner of the former Blair Government, the new Labor Government in Australia (2008-) is seeking to re-establish the partnership with the not-for-profit sector through a formalised Compact. The accompanying emphases on ‘social inclusion’, ‘community’, ‘civil society’ and volunteering arouse debate in terms already familiar in comparable countries: do they simply repackage the neoliberal formulae of the 90s or do they indicate a crossing of the ‘frontier’ to a new set of relationships between state, market and community welfare sector? How this question will be answered in Australia will be very much influenced by the distinctive contextual characteristics of Australian social policy evidenced in this chapter. Here I emphasise three.

Firstly, Australia, like New Zealand, does have a strong tradition of voluntary community welfare. However, it has never functioned as a serious alternative to state based welfare. By the Second World War, the Australian approach to welfare was very much centred on state support for full employment together with well regulated wages as a substitute for welfare. Direct state provision of welfare was deliberately residual and while charities were encouraged as an alternative, they remained very much reliant upon government support. By the 70s, the welfare state looked set to supersede this wage earners’ welfare society model. However, in the spirit of Beveridge’s understanding of voluntary as a supplement to state action, a dramatically expanded, largely government funded community welfare sector emerged as a ‘micro’ political partner to the ‘macro’ role of the welfare state. Even in the 90s in Australia, the conversion of the sector to the quasi market model was almost entirely a government initiative.

The second key factor to emerge from this analysis is the unresolved contradictions in the way the roles of state, market and voluntary sectors are currently constructed in

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47 Ibid., p.47.
the Australian welfare regime. The fiscal crisis of the 80s arrested the development of a Beveridge style mixed economy of welfare creating a curious balance of old ‘wage earner welfare society’ elements together with emerging features of a welfare state. Both coexisted uncomfortably with the growing free market orientation of economic policy. The economic rationalism of the 1990s however was increasingly hostile to both wage earner and welfare state forms of social intervention leaving the voluntary sector to operate on a quasi market policy landscape. Today it is unlikely that this extreme form of neoliberalism could be reinvented. The crucial challenge for Australian social policy is rather to clarify the assumptions on which it seeks to remake its social policy system. In this regard a reassertion of wage earners’ welfare is unlikely, leaving the option of reinventing a state based system of economic and social rights adapted to the twenty first century.48

In such a reinvention what can we surmise of the role of the voluntary welfare sector? Once again with Mendelsohn we are forced to ask: ‘Will it wither and disappear? Or, has it a job to do?’. A feature of this history has been the pattern whereby the role was made and remade in the image of whoever was dominant partner in the welfare regime. In the 1970s, at the height of the Beveridge period in Australia there were clearly delineated roles for the social partners: the role of voluntaries was considered indispensable for a successful micro politics of welfare. However as the profile of the welfare state grew, we had the proposition that voluntary services become the fully public services into which they appeared to be evolving. While in the quasi market phase, the sector began to conform more and more to the logic of competition with its assumptions of no material differences between competing market actors. This movement in roles over time underlines the basic proposition informing this chapter that we cannot begin to reinvent the welfare role of the voluntary sector without being equally clear regarding our expectations of the state and the market.

48 P. Smyth, ‘Closing the gap? The role of wage, welfare and industry policy in promoting social inclusion’, *Journal of Industrial Relations*, 50:4, 647-663.