Religion, Welfare and the New Social Contract in Australia

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For an Australian, the title of today’s forum, Religion, Welfare and the New Social Contract has a particular resonance. Over a decade ago, the administration of welfare in Australia changed radically with large scale competitive tendering of social service delivery in an arrangement which academics dubbed the Contract State. The churches – together with the not for profit welfare sector generally – were faced with the question of whether or not they should compete for the contracts. Most chose to, and today several church and church related agencies feature among the few mega agencies which have emerged to predominate in a ‘quasi market’ for government service delivery. This paper reflects on what churches in Britain might learn from this Australian experience. The central conclusion is that social service delivery contracts have to be assessed as instruments of a wider policy framework. Only when that framework is understood can church welfare agencies be in a position to know if particular service delivery contracts fit with their own social purposes. Other forms of social action may well be regarded as of greater strategic value; for example, research and advocacy, community development, public education and, protest.

Until quite recently in Australia much of the discussion concerning service partnerships with government has tended to focus on the practical aspects of making the ‘Contract State’ regime work; for example, issues of workforce quality, management capacity, access to capital, and the suitability of different regulatory mechanisms. Today however several Government inquiries into the not for profit sector have triggered some fundamental rethinking about the nature of its role. This has been fuelled by a Prime Ministerial statement declaring the end of neoliberalism and the rebirth of social democracy (Rudd 2009). Any shift in what Peter Hall (1993) called the ‘governing paradigm’ will certainly mean changes in its policy settings and instruments. A key issue for Australia will be whether the current technologies of contracts based in ‘choice and
competition’ prove apt for a social democratic system or will we see a lot more emphasis given to the elements of trust, voice, altruism and reciprocity. Current negative sentiment in Australia regarding our flagship experiment in quasi markets, the ‘Job Network’ suggests the latter.

The paper will explore the Australian experience through a case study of a particular Anglican, welfare agency based in Melbourne: the Brotherhood of St Laurence. One reason for this approach is the comparative dearth of research in Australia on church based welfare. As Melville and McDonald (2005) point out the recent faith based service delivery experiments associated with ‘Charitable Choice’ in the USA have given church based welfare a profile in not for profit research in the US which is almost entirely absent in Australia. While church related agencies are major deliverers of government social services in Australia, the role has been little researched and typically conflated by researchers with that of the voluntary sector in general. This paper will identify the rather unique social policy regime which has lent Australia’s voluntary sector certain distinct features as a context for considering the experience of one Anglican agency’s engagement with government in the delivery of welfare.

The BSL is a medium sized welfare organization founded in 1933 in Newcastle by an Anglican priest, Fr Gerard Tucker (Holden and Trembath 2008; Challen 2008). It moved to the then slums of Fitzroy in inner Melbourne in 1933 where it has been based since. It is noted for its national leadership role in welfare research and advocacy. Like most welfare agencies in Australia it has been deeply involved in reflection on when and how it should take up service delivery contracts with government. These views have been shaped by two key historical legacies: the welfare state experiment of the 1970s; and its experience of the unraveling in the 1990s. The paper draws on the BSL’s extensive literary archive as well as interviews conducted with surviving past and current leaders of the organization.

Australia’s voluntary sector and the origins of the BSL

The role of churches in welfare in Australia has been shaped by the distinctive historical features of the voluntary sector in that country. It never had the scale and independence of British voluntary effort which has been portrayed by people like Prochaska (2006) as a serious alternative to government service provision. Until the 1970s the role of the Australian sector role
was embedded in a distinctively Australian social policy regime best described as a ‘wage earners’ welfare society’ model. The Brotherhood was formed at a critical juncture when this ‘governing paradigm’ was failing to address the exigencies of the Great Depression. This origin shaped the BSL’s understanding of its social purpose thereafter (Smyth 2008).

In the welfare society model, self reliant citizens were meant to manage their own affairs and not rely directly on the state for the relief of poverty. Without an aristocracy and culture of noblesse oblige; and with no parish based infrastructure to implement a poor law, charitable agencies with the support of governments provided the poverty relief which was needed. The policy backbone of the system was known as the New Protection: economic support for manufacturers matched by regulation of the wage system to create a living or family wage. In these circumstances, the voluntary relied on volunteers but with significant government subsidy and light government controls. (Murphy 2006; Dickey 1987 and Mendelsohn 1979). The major charities were church based and tended to focus on looking after their own. As Mendelsohn observed the mass unemployment of the 1930s led to a fundamental reevaluation of the role of the state culminating in the policy of a government guarantee of full employment. This experience stamped on the BSL an understanding of the limits to what could be achieved solely through charitable action and led to an emphasis on research and policy activism to influence government which has distinguished it thereafter.

This emphasis on positive intervention by government reflects the links between the BSL and the Anglican tradition of Christian Socialism; a tradition which at that time had reached a high point in the United Kingdom under the leadership of Archbishop William Temple (Challen 2008). In 1980 the incoming Executive Director of the BSL, later Archbishop Peter Hollingworth (1980) looked back at this tradition from Maurice to Temple. He noted how nineteenth century founders such as Maurice, Headlam, Wescott, Gore and Holland had evolved a view of socialism which critiqued capitalism but with a view to fellowship rather than state ownership and control. On this foundation, people like Figgis, Widdrington and Tawney added new layers such as guild socialism and with William Temple the idea of the welfare state. Hollingworth’s account of this incarnational theology emphasized the influence of T H Green’s ethical idealism; Temple’s emphasis on moral and civic responsibility together with systematic social principles to guide
believers; and Tawney’s middle level axioms based on equality, fellowship and the even dispersal of power through the community.

Hollingworth stated that the BSL was a ‘striking Australian example’ of the tradition. Fr Tucker’s grandfather was a cousin of Bishop Wescott, and Wescott’s Christian socialism had a powerful impact both upon him and his son Horace who was later to write the book, *The New Arcadians* and establish co-operatives and village settlements in various parts of Victoria. Hollingworth pointed to the direct connection between this work and various initiatives fifty years later of Fr Tucker at the BSL including the establishment of cooperative settlements.

The influence of the tradition can be seen in the BSL’s early positive reception of the concept of the welfare state then being championed in the UK by Temple. Thus in 1943, Frank Coaldrake observed how in the past organizations like the Brotherhood had relied for their financing on the general public’s acceptance of ‘responsibility for helping those in need …’ Now, he believed that acceptance of this responsibility had become so generalised that it was a logical step to develop ‘State or Commonwealth Social Services on a hitherto undreamed of scale. … We are on the threshold of the “Social Security State”… in such a way that every man, woman and child will be provided with that full measure of ‘security’ which is his inalienable right.’ (quoted in Handfield 1980 pp.156-159). Coaldrake foresaw a ‘scouting or reconnaissance’ role for the BSL while it tried unceasingly to bring about the day of the social security state’. When that day came, he thought the state would take over social services.

The BSL was to conduct this ‘scouting’ role over the next two decades or so but would find in the spirit of Beveridge’s ‘Voluntary Action’ that it still had an indispensable role within the welfare state. Importantly these origins created a repertoire of social action which reached well beyond direct service delivery. As summarized by a Tucker successor, David Scott (2000), it was about getting social priorities onto the public agenda and this could sometimes involved defiance of the law. There was a keen sense of avoiding cooption by other organizations that might compromise independence. Service innovation and broadening out the church’s understanding of ministry to include social matters were other features of the Tucker period. Scott concluded by emphasizing the importance of religious ‘belief’ in Tucker’s approach, as the source of the commitment and perseverance required for success.
Australia’s welfare state

As it happened the Australia’s ‘welfare society’ paradigm was given an extra lease on life through the success of Keynesian full employment policies. However by the 1960s it was evident that the long economic boom and social changes associated with industrialization, urbanization and changes to family life had produced a scenario whereby economic growth had to be accompanied by greater social planning if society wanted to avoid what Galbraith then called public squalor amid private affluence. With this paradigm change came new policy instruments and settings. Australia’s wage setting tribunal, for example, made it clear that it was no longer in the business of welfare and that social entitlements needed to be set by other welfare agencies of government. New departments and new capacities in social sciences were developed to pursue the goal of ‘social development’. Overseas writers like Wilensky and Lebeaux and Richard Titmuss articulated the new policy settings in terms of the social entitlements of citizenship.

Importantly the new social contract did not displace voluntarism. On the contrary it prescribed a new partnership with the state in the co-production of welfare and led to a massive increase in government supported organisations. Indeed 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 1990.1

The rationale for this mixed economy was well explained by visiting British academic, David Donnison (1972) who emphasized the need for a ‘micro-politics’ to complement comprehensive state social planning. In a welfare state, he pointed out, large amounts of resources are required to be distributed by the state outside of the price mechanism. Consequently, it was essential to have an effective ‘political market place where the clients … have their say’. The non government organizations needed to invest as much in this ‘whole “micro-political” world of small neighbourhoods and particular groups of disadvantaged as in the macro world of research and policy planning. In this way the voluntary sector was to elaborate a role based on 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.

For then, Executive Director of the BSL, Geoffrey Sambell (1966) the critical new factor was the realization that governments could act creatively and on a vast scale. While this meant that it was harder for voluntaries to claim the role of innovator (often they were ‘menaces rather than pioneers’) he still thought a strong voluntary sector was important for the health of a democracy. This meant its priorities should be research based innovation, highlighting community needs for government planners, and being a critical voice against government when appropriate. This approach was subsequently elaborated by his successors, David Scott and Peter Hollingworth.

Hollingworth (1979) wrote of a society which had changed from being ‘capitalistic’ to one which was ‘socialized, planned (and) democratic’. Social policy was now less concerned with encouraging independence than with promoting interdependence; while the methods of welfare were now developmental and institutional rather than residual. With these changes he noted the view of the influential theologian Pannenberg, that churches consider phasing out their welfare activities and handing them over to the state. Pannenberg thought the pioneering role of churches in developing services should be seen as a ‘subsidiary and temporary’ phase and it should now hand over to the ‘political community’ as the properly responsible body. Hollingworth did not accept this logic and like Scott saw the need for a new mixed economy of welfare.

In a number of places both authors (Scott 1975, 1981; Hollingworth 1975, 1979) listed what they saw as the tasks of the community sector in the new welfare state regime. These included:

- Filling gaps in the government service system
- Encouraging service innovation
- Counter balancing excessive bureaucratic centralism.
- Performing an Ombudsman role
- Offering self realization and fulfillment as an intermediate organization between the individual and big government and big business.
- Providing a choice of service in a pluralist society
- Engaging in community education to prepare way for necessary social changes
- Undertaking research and policy work to promote social development
- Undertaking community development
The new paradigm also meant fashioning new technologies of partnership with other agencies and with the public sector. In this trust based model, collaboration and partnership between agencies replaced the sometimes sectarian competition of the welfare society model; while practices of cooperative planning with the state began to develop which culminated in the corporatist planning model of the 1980s.

The development model also implied new practices of engaging services users in order to give them a political voice in the decisions affecting their lives. For the BSL this implied replacing charitable forms of case management with citizenship based participation strategies, self-help mechanisms and a de-professionalisation of service delivery. This social development approach required ‘open files and developmental plans; staff as resources rather than counselors; a guaranteed minimum income; choice and opportunities as rights for poor people; and above all a rejection of the culture of poverty idea’ (Benn 1993, p.26). Programs were also localized thus minimizing user distance from centralised management structures. Local programs were to be integrated into the life of the locality or region where they were operating in order to be more flexible, more responsive to local need and more participatory in their decision making (see also, Henderson 1980).

The welfare state transformed the role of the voluntary sector in Australia recreating its role as a partner in a new mixed economy of welfare based on a social democratic premise of citizenship entitlement. As in the Tucker period, service delivery remained for the BSL a rather subordinate component of its overall strategy to bring about social development and transformation. It received only a few per cent of its funding from government. As the title of Scott’s (1981) book, Don’t Mourn for Me - Organise would suggest, its role was primarily adversarial and more about upholding the new social rights of citizens than merely delivering services in place of the state. This subsidiary place of service delivery for governments was not unusual across the sector. ACOSS (1981 p. 18) reported that in 1981 that virtually 40% of organizations had no government funding and that overall more than two thirds received less than half of their operating resources from any level of government.
Neoliberalism and the voluntary sector

The latter 1980s and 1990s saw the breakdown of the Temple - Beveridge style social contract. An expanded voluntary sector found itself caught up in the fiscal crisis of the welfare state. Small government, budget surpluses and low interest rates took over as the key policy settings of what became known as the neoliberal paradigm. The main social policy instruments were removed with the obligation to provide full employment abandoned and the regulation of wages and conditions residualised. The attempt to create a welfare state stalled and welfare entitlements became increasingly conditional. Within the overall small government paradigm, the role of the voluntary sector was recreated as a player in a welfare ‘quasi market’.

The template for micro economic reform was provided by the Hilmer Report (1993) on National Competition Policy which proposed 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. The Industry Commission (1995) report on Charitable Organisations in Australia provided the discourse and instruments of the so called ‘Contract State’. It suggested that governments explore moving out of direct service delivery and competitively tendering these to for profit and community based providers. While the reforms were presented as ‘reinventing government’ they were in fact quite antithetical to the welfare state. The pervasive assumption of the public choice theories informing the reinvention was that ‘people are self-interested utility maximisers’. 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. In today’s language, the voluntary sector was better regarded as populated by monopolistic knaves than altruistic knights.

The flagship of the quasi market approach in Australia was the Job Network. This model did away with the traditional understanding of sectors with different but complementary roles. Government, for profit and voluntary providers were treated alike in the new system based on what the Hilmer Report termed ‘healthy competition’. While competition was promised to improve customer service and promote service innovation, researchers today generally agree that in practice the model did not live up to its promise (see Smyth 2008, McGregor-Lowndes 2008). It 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 and inhibiting innovation. While suited to the delivery of certain mass scale, standardised products the model hindered responsive professional practice; caused the unique circumstances of localities and individuals to be overlooked; and promoted so called gaming of the system which became costly to regulate. NGOs complained 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’.

As partners in the old social contract of the welfare state, the BSL along with the rest of the voluntary sector had become far more involved in service delivery for governments. In 1994, the BSL itself had doubled in size over the previous five years. Moreover its reliance on government funding had grown from around 3% in 1974 to around 29% in 1984 and around 52% by 1994. Its leadership reacted strongly against both the competitive tendering model and the larger neoliberal paradigm which it represented. David Scott (interview) believes that competitive tendering undid many of the positive features of the partnership model developed in the postwar period. Most damaging had been the way in which the advocacy role of the sector (through representing the interests of clients, public education, as well as research and policy work) had been damaged either by agencies being too close to government or even by some contracts having clauses preventing open criticism. Moreover inter-agency collaboration had turned into competition for contracts; while governments also encouraged the growth of a small number of big agencies and discouraged smaller ones. For Scott it was the government’s job to ‘to deliver mass services’ while voluntaries should be primarily there to advocate ‘for those who drop out of the other system’.

Then Executive Director, Michael Challen (interview) shares Scott’s perspective. For him, the constraints around advocacy were a particular concern. Challen recalls the ‘sad morning’ when at an assembly of NGO leaders convened by the Victorian Council of Social services, only two were prepared to take an independent stance from Government. In these circumstances VCOSS asked Challen to take on the role of being a spokesperson for the welfare sector in Victoria, which he did; a decision he says was helped by the fact that the bulk of BSL’s government monies came from the commonwealth and not the Victorian government.
More generally Challen (interview) thought the market approach would be less likely to serve the poorest. It turned citizens into ‘things within a functional economical relationship’, he said. And it created a bias against the poor. ‘We know jolly well’, he continued, ‘that people at the bottom … are not very well disposed to employment and don’t find it easy to go into the culture of employment or indeed have the skills for employment.’ For that reason in the Job Network system, for profit provider organisations ‘creamed off those unemployed people who were easier to retrain or to train’ and avoided more difficult cases. The market dynamic, according to Challen, ‘immediately means that those less likely to participate in a market approach will be left that much more behind. It’s axiomatic actually.’

Like Scott, Challen was concerned that the voluntary welfare sector was turning into ‘a de facto public service’. Governments were increasingly exhorting communities to do ‘the business of caring’ but he believed that ‘if the government (itself) isn’t in the business of caring, its behaviour isn’t going to reinforce the spread of a caring attitude … The more the government is seen not to be doing it, the more that message is weakened.’ The church, he judged, ‘should never allow itself to be a de facto public service. The church is meant to be the leaven in the lump. Bring out the good in society, but not be shaped by society.’

Beyond concerns about the implementation of the new service model we find in BSL writings evidence of a wider of social policy malaise and need for new beginnings. Challen (1991) details the public policy concerns of the time in terms of the long term decline in national income, the return of high unemployment, globalisation, environmental pollution, consumerism together with loss of family identity and solidarity. A Report, Directions 2000 prepared for the BSL in 1994 identified the key external issues as: ‘the probable collapse of the welfare state…growing inequalities and inequities within the community … and the entrenchment of individualistic views of human responsibility’. (p.4) While in the Ninth Sambell Oration Veronica Brady (1989) said that the ‘very notion of welfare …. seems to have lost its rationale’, she said. Concerns about social justice had come to be seen as ‘wimpish, foolishly idealistic and ineffectual. Problems of people are after all, we are told, are aspects of the economy and if only we get that right – whenever that may be – all will be well’.
In the sixteenth Sambell Oration, sociologist Trevor Hogan (1997) proposed that the ‘Australian welfare state ... is largely exhausted as a viable cultural and political project’. It no longer succeeded, he thought, in calling ‘forth public participation in the furthering of the common weal’. Hogan was particularly impressed by Tawney’s communitarian view of equality and liberty being in the service of fellowship which he contrasted with T H Marshall’s view if citizenship as a ‘passive right provided by the professional elite. His oration highlighted the diversity of past BSL activities which in addition to service delivery and research based advocacy had included monastic community, university settlements and cooperatives. The welfare sector had been overly drawn into the ‘labyrinth of the welfare state’ and the BSL needed to reassess and reinvigorate the church’s own location and purposes in civil society. He highlighted William Temple’s contrast between the ‘welfare state’ and the ‘power state’ to emphasise that governments could not secure the welfare of people without a living ‘common culture’ based on ‘Christian principles of human personality, fraternity, service and sacrifice’. Much of the practice, theology and ethical vocabulary of this culture had disappeared with what he called the ‘emptying out of the voluntary traditions and associations into the postwar welfare state.’

Similar lessons from the Christian socialist tradition were being drawn by former executive Director Peter Hollingworth (1994, 1995). He reaffirmed the key principles of William Temple in terms of personal freedom, social fellowship and service; but thought a greater emphasis on equity was now needed. A major challenge to the exercise of these principles had arisen with the changed nature of community life. All local communities, he pointed out had a horizontal layer of networks and loose associations but also a vertical set of accountabilities to central organizations. While it was critical that these cooperate and complement each other, Hollingworth said that ‘there has been a world wide vertical pull away from local communities which has significantly reduced their autonomy, changed their functions, and certainly reduced their capacity for independent decision-making.’ Too much emphasis had been given to the pursuit of individual rights and not enough to individual obligation to the community. It was time to rebuild the ‘Res Publica’ and this could be done by rebuilding those communities which intermediate between the individual and the state. Here, following McIntyre and Milbank, he
understood society to be in a post-Enlightenment stage and it was important for religions to engage anew in the public conversation about ‘defining the institutional conditions that would permit genuine communities to flourish (i.e. beyond mere individualism)’. In this task, churches would need to forge a common set of principles in order to avoid ‘fragmentation and social disintegration’.

In these end of century reflections by Hogan and Hollingworth we sense a recognition that in a globalizing, post-Enlightenment world the future could not simply be a return to the postwar welfare state. Too much had changed and the Church needed to go back to its basic principles in order to find new ways forward. Importantly they both drew out from their tradition an emphasis on welfare as matter of building relationships on the basis of fellowship, community and service; values and practices which were clearly at odds with the way in which the market based model of service delivery was turning voluntary organizations into ‘quasi public services’ under increasingly centralized state controls. As it happened the rigorous application of the neoliberal paradigm in welfare eased from around this time. Unemployment was reducing and social expenditures growing to record levels. The Australian government found itself with a growing asymmetry between its neoliberal policy paradigm and the reality of growing social expenditures. The avenue for a new public conversation around the commonweal was opening.

**Towards a new social contract in Australia**

The central point of this paper is that particular policy setting and instruments have to be understood in the light of the governing paradigm. In this regard Australia is very much in a period of transition, so this final section is of necessity more speculative. My point of departure will be the Prime Minister’s indication that policy will be recast from a neoliberal to a social democratic paradigm (Rudd 2009). And I will make two assumptions. First in welfare terms social democracy cannot be a mere turn of the clock back to the 1970s. That social democratic model took no account of the economic dimension of welfare and was undone by the neoliberals for that very reason. Second, the neoliberal notion that social policy is essentially a matter of ‘getting the economy right’ proved similarly lop sided. The new social contract must be able to integrate economic with social policy.
By definition a social democratic compact would also signify a reassertion of citizenship rights. The Australian government has adopted the term social inclusion to indicate its approach to welfare. Here we note that the new approaches to defining and measuring poverty associated with social inclusion have provided a basis for recalibrating the economic, social and environmental rights of citizens for a twenty first century social democracy. Sen’s approach, though not the only one, has been influential in allowing us to rethink social spending as an investment in developing people’s capabilities. It implies a set of economic and social entitlements that every citizen should have if they are to be able to choose the life they value and imposes an obligation on government to ensure not just that people have the minimum entitlements and commodities but the real opportunity to convert them into valuable functionings (Smyth 2008).

A new social charter along these lines will inevitably change our welfare governance model and with that how we think about the role of the voluntary sector and the churches. Clearly there will be a positive revaluing of the role of government regulation. Unlike the neoliberal period, a social democratic government would clearly demonstrate its positive responsibility for upholding the rights of all its citizens, especially the most disadvantaged. Here there seems clear scope to rethink the role of the sector in terms of the ‘micro politics’ at the place and community level needed to balance new top down macro policy planning. As Donnison pointed out, if resources are to be distributed on the basis of citizenship entitlement and not capacity to pay in the market then a new political technology will need to be created to make the practices of citizenship effective – especially for those on the social margins. In reframing welfare governance in this way, technologies based on trust and voice more than ‘choice and competition’ will have to be constructed (Le Grand 2007; Taylor Gooby 2008).

Today the BSL has taken stock of the Contract State period, noted the failings, acknowledged the positive aspects and charted a new course. As we shall see a fundamental decision has been whether or not to engage in competition against other agencies in order to increase the BSL’s market share of government service delivery. A strategic review of its social purpose and mission as an Anglican welfare agency indicated that service delivery for government ought to be a subordinate function to the larger purpose of working for social change in the light of its
Christian social principles. Government service delivery might play an important role but it should not overshadow other functions of equal if not greater importance for its mission.

This issue of whether or not to ‘grow the business’ has emerged as a major legacy of the Job Network which transformed a few church related voluntary organisations into mega agencies for government services. The Salvation Army, for example, has net assets of at least one billion dollars and would sit among Australia’s top 200 companies Howe (2003). The reliance on government funding among these agencies can be very high with one church related agency, Mission Australia, deriving 84% of its funding from government contracts, with over one half of its spending related to employment services. As Brian Howe (2003), former Deputy PM of Australia and long time associate of the BSL indicates, the competition model encouraged agencies to adopt the methods of large corporations in cultivating their media image and engaging in predatory competition for large contracts (p. 44) In this light, current BSL Executive Director, Tony Nicholson (interview), observed how the competition model had led a few organizations to define their role in terms of increasing their market share. This is pursued aggressively around the nation, he says. ‘So, typically, what they would do is go into the city or a suburb, rent a vacant shop near a Centrelink office - Centrelink being the government agency for the delivery of pensions and benefits - and put up their shingle and say we’re here to do business. And they would compete aggressively for government contracts and even … say to governments …we will put additional money on the table to get this contract’,

As Peter Hollingworth (interview) observes, there is nothing intrinsically wrong with a church based organization undertaking service delivery for government so long as the objectives of each party are congruent. However, as Howe observes, contracting on this scale can easily overshadow the work it would otherwise do as a church agency: ‘What room is left for the church to represent an alternative voice? Where is the necessary tension as between church and society?’ While Fr. Nic Francis (interview), Challen’s successor as Executive Director of the BSL, concluded from his experience that the BSL would lose nothing if it ‘sold off all of its services and its assets and kept just the policy arm and worked with lots and lots of different providers…’
On this key matter, long time BSL staffer and Board Member, Jenny Trethewey (interview), believes that while the BSL may have a choice about its future many agencies will not. A lot, she says, are now almost 100% government funded and see themselves as accountable up to government rather than down to the community. These will tend to be large, she continues, and while called non-profit organisations will basically be service providers for government and be ‘very much caught up in the story of compliance to government contracts’. She opines that they will be surrounded by ‘the usual smattering of small organisations started up by enthusiasts’ but we will lose those organisations in the middle, among which is the BSL.

Making the BSL’s choice different, according to Trethewey is its relative financial independence resulting from a combination of income generated from donations, philanthropy, social enterprise, as well as some government funding. In this context the BSL has clearly resolved according to Nicholson that it will not be in the business of chasing ‘market share’. At the same time it will seek out opportunities for contracting with government where this is in keeping with its wider strategy of innovation, influence and community building.

For the BSL then government service contracts have a legitimate place when they align with the wider organizational objectives. More important for the Brotherhood, as it always has done, has been to look beyond service delivery to the ways in which it can deliver on its mission. The most distinctive feature of its engagement with governments will continue to be its research and advocacy. Being located in a church based welfare agency this research brings a contribution to policy debates based on the interests and experience of disadvantaged people. This allows it to make a unique contribution to what Trethewey calls the ‘broader conversation’ with ‘an ability to mix moral value with social and economic imperatives’.

The second distinctive function is community engagement. The re-emphasis on this function reflects a consideration of what it is that is distinctive about the contribution of voluntary organizations to the social contract. Without devaluing the state’s role in ‘some kind of neo-liberal way’, Trethewey says voluntary organisations should rebuild capacity in an area of traditional strength: ‘putting the community back into community services’. Certainly they have to be accountable for public monies but, she says ‘they absolutely have to be accountable to the communities that they serve and the purpose that they were established for.’ Nicholson
(interview) reinforces this view of the distinctive contribution of the sector in the area of services. He refers to the diversity and richness of experience of the many Church based agencies which have worked and specialized in services for many decades. They are closer and more accountable to the community than governments can be, he continues, and if this experience can be harnessed through collaborative, respectful partnerships it will achieve results governments could not on their own. A particular challenge here is to get the more intangible aspects of the value of community development valued by government.

A key part of this community development strategy is the reanimation of links with Anglican parishes. Some of these currently run a number of welfare services but here the approach, according to Nicholson, sees the parish as a ‘core vehicle for bringing about inclusion and community strengthening’. ‘Ordinary folk’, he says, ‘have a key role in bringing disadvantaged people into the mainstream’. This capacity to create community has been greatly diminished, according to Nicholson, and cannot be recreated by the welfare arms of the churches simply establishing welfare service in those parishes. ‘The ... more exciting challenge is how we work with ordinary parishioners. And I suspect that if we can do this well it will be the rebirth of a lot of parishes.’ Peter Hollingworth (interview) also believes that the Church itself must share greater responsibility for it social mission and not simply leave it to its professional welfare agencies. Agencies like the BSL can help the churches ‘to build the social dimensions of the Christian faith and practice into all levels of their life.’ According to Challen (interview), these links to the church can assist agency advocacy. ‘The fact is’, he says, ‘secular people are still bothered by the traditional place of the church in society and I think my own authority was increased by being connected with the church. You’ve got access … they couldn’t tell you off quite so quickly’.

It is one thing for the BSL to chart a course beyond the competition model but other legacies of the Contract State will have to be overcome. Thus the kinds of skills and capacities available within the sector work force have changed significantly over the last decade. Of principal concern for Trethewey is the predominance of people whose strength is efficient administration of government contracts. ‘They don’t necessarily any more have the imaginative edge or the connection to the consumer need or even the power to gather up that consumer need and imagine what an ideal service might look like. That skill seems to be very much diminished’. Nicholson
also notes that the capacity to build new forms of partnership will be limited by the ‘whole generation of public servants who only understand contract management. .. they say now we’re moving on to something else but that’s all they understand. And so they try to do the business in that way.’

The BSL approach to the new social contract would also look for greater collaboration and trust between sector agencies and with government. As Nicholson (interview) recalls, the marketisation process within the Contract State did not recognize ‘the resources that people from church welfare organisations brought to the table’. This may have been as simple as the rental cost of physical facilities but more generally, the implementation was ‘very harsh ... disrespectful and naive in the way it dealt with community organizations’; not recognizing the social as well as economic value of what they brought to partnerships. At the same time there were positive legacies in that the sector was forced to look at inefficiencies, to rationalize some services and become more professional in their approach. Nicholson emphasises the importance of any partnership being based on mutual respect. Here, he thinks, a new Compact could help set up new expectations and ways of conducting the partnership.

This BSL perspective offers a window into an Australian voluntary sector facing critical strategic choices. The BSL pathway articulated here will be a challenging one given the changes to the sector effected by the wholesale contracting out of government service delivery. Many agencies have clearly become more reliant on government funding and there has been the emergence of mega agencies competing aggressively for shares in the quasi market of government service delivery. Here we see a ‘choice and competition’ regime eroding trust and collaboration between voluntary agencies but also between the sector and governments – indeed, as it was designed to do. Moreover, other functions of the sector normally rated more highly in terms of the sector’s distinctive contribution to democratic governance - such as research and advocacy, service innovation and community building – have been marginalized by a funding regime focused on efficient service delivery for government. Given this institutional overhang from the Contract State it may well be asked whether this BSL strategy of refocusing on these other functions of voluntarism is relevant to the future?

Only time will tell. But if we look back in time we see continual paradigm changes in Australia from welfare society, to welfare state, to neoliberalism, each bringing far reaching changes to
policy goals and practice. The institutional overhang we see today is patently embedded in a late twentieth century neoliberal welfare regime preoccupied with reducing the size of government and chasing cheaper forms of service delivery. Arguably the BSL’s alternative emphases on

- reinvigorating the sector’s role in advocacy for the excluded
- focusing on service innovation
- working to disperse power back from government and mega agencies to empower local communities
- finding ways to give community constituencies such as the Anglican church an opportunity for greater social action and public voice

may prove of equal importance to Labor’s new social contract as it unfolds. They would certainly be in keeping with the BSL’s Christian socialist tradition.

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**Interviews**
Brad Chapman conducted the personal interviews for this paper with:

- David Scott
- Peter Hollingworth
- Michael Challen
- Peter Allen
- Nic Francis
- Tony Nicholson
- Jenny Trethewey