

Tony Nicholson Speech on the Future of the Community Welfare Sector 27 May 2014

Acknowledgements

Good afternoon ladies and gentlemen. Thank you Bishop Philip for your introduction.

I begin by acknowledging the traditional owners of the land on which we are meeting and pay my respects to their elders past and present.

Introduction

In this presentation I want to consider the path our community welfare sector will take over the next two decades. In the next year or two decisions will be made about its future that in all likelihood will be irrevocable. I fear that if the wrong decisions are taken, they will inevitably lead to the erosion of what our voluntary organisations have stood for over a century. So I think it's time we had some difficult conversations about the future - conversations that have been deftly avoided to this point.

But I begin by recalling one of those seminal experiences that, with the advantage of time, I can see shaped my thinking and the path my career has taken.

In 1981 my wife and I attended a series of Ecumenical Lenten studies conducted by several inner city churches. I recall that Fr Ray Wilson, Fr Michael Casey and Fr Kevin Smith were the inspirers and the organisers. There was much discussion of the issues facing the local community. But it didn't stop at mere words. People were fired up, they saw a need and wanted to make a real difference in their community. In a short time the discussions led to action to tackle youth homelessness in the local area. All types of local people got involved, not just Church going types. Each seemed to find a role. Funds were raised, a sprawling old house was rented and within months of the first discussion a group of about thirty volunteers was running a youth refuge that accommodated at least half a dozen young people each night. After a short time one paid employee was brought on board. Time, money and goods were freely given in abundance. For the young homeless teenagers and for the volunteers alike,

these were heady and often chaotic days. Sometimes all this goodwill and activity was confusing, sometimes it was misunderstood, sometimes seemingly abused. Hilarious and sad times were had - perhaps in equal parts. But in all of that something important was unfolding. It was the authenticity of it all that the young people warmed to. This demonstration that ordinary people valued them. And more than this, they valued them enough to act on their behalf.

But in saying this I do not mean to romanticise the past. Because, of course, the ordinary community values and expectations that these people brought to their volunteer work meant that conflict was quite common and some activities were misplaced. In spite of this, or perhaps because of it, the young people recognised and responded to the genuineness of it all. It was new to them, but they got it.

And in that first year or so, young lives were turned around. They made links into the community. Some got jobs with local employers. Some resumed their education at local schools, and volunteers tutored them. Some joined local sports clubs. One or two became quite familiar with the local constabulary. But at least there was always a local person available to try to bring a good spin to their alleged wrong doing.

Thirty odd years on I still occasionally have contact with the former refuge residents, now in their middle age. Inevitably they want to talk about those volunteers. Most remember them fondly. Some have maintained contact with them.

But the story doesn't end there. Within 18 months of commencing, matters to do with governance, finances, and insurances all came to the fore. Our committee realised we needed a back-bone organisation to help us continue the work and take the service to a new level. Our volunteer labour alone was not sufficient to maintain and develop the service. And so our endeavour came under the auspice of a well established charitable community service organisation. It provided the governance and administrative back up we needed. And it brought resources and skills.

But before long things began to change. Government funds became available, several trained staff were employed, a case management approach was adopted and the role of volunteers was regulated and narrowly prescribed. While the service capacity was built, the ethos of the enterprise changed. It had professionalised. Unfortunately the volunteers got a dispiriting message. What they brought to the lives of these young people - a willingness to help in any way they could, an investment in making a difference in their lives, voluntary care - was not particularly valued.

Inevitably they drifted away and the refuge service quickly evolved to a now familiar welfare model of paid professionals, case managing their young, homeless clients, under rules specified by a government funding agency. Its roots in the local community were largely severed. From there on in, it operated largely in isolation from the local community.

A flawed paradigm

Is this a nostalgic tale, romanticising times gone by? Well yes, some will readily dismiss it as that. But I think it is worth pausing for a moment to consider what this story can also reveal.

Thirty years on, I believe it can be seen as a parable for where we find our community welfare sector today. Models of care, funding, governance, the relationships between the community and community sector agencies, are all critical to this tale.

Our sector has evolved to a critical stage underpinned by a particular paradigm. Central to this paradigm is the idea that our sector can continue to meet society's current and emerging needs by contracting to government, expanding and aggregating organisations, driving for greater efficiency, and further professionalising, regulating and circumscribing care.

To my mind it is a paradigm that is fundamentally flawed. I sense it is sapping the very ethos and moral drive of the sector and, with it, the wider community. While it may have served us reasonably well over the last 30 years - driving the improvement in the quality, scope and reach of services - it cannot take us into the next 30. And so I put it to you that if we don't

begin to re-think now, the way we operate, the next two decades will witness the sector's gradual demise.

A big claim? Perhaps, but let me explain.

Put simply, when faced with the challenges we face over the next twenty years, I think the paradigm is neither sustainable nor even desirable. Most importantly, it cannot deliver on the promise to meet the society's current and emerging needs.

Let me take these points in turn.

Not sustainable

The prevailing paradigm of gathering paid professional people around the vulnerable in our community will become unviable in the next twenty years. At least two factors are at play - workforce and funding.

First, the workforce question. As our population ages, and the proportion of people of workforce age declines, we have to ask where are the workers going to be found? Competition for skilled labour will become fierce. And in these circumstances our community sector will not be able to match the remuneration offered by for-profit organisations and governments. Robert Fitzgerald of the Productivity Commission has warned us about this. Practitioners will vote with their feet. As a result our services will experience skill shortages, high staff turnover and even outright labour shortages. Low skills, and high turnover inevitably mean that service standards will be lowered. We are already seeing evidence of these pressures in some service sectors - particularly those tackling the most complex and demanding social ills. Over time these services will diminish, or revert back to more Dickensian models of care we joyously left behind in the 1980s, or even collapse. They will simply not be able to attract the staff they need to operate their models of care. We saw this briefly begin to emerge just before the global financial crisis hit. I have no doubt it will come again, not immediately, but not in the distant future either.

Second, there is the funding question. Will governments be prepared to meet the cost of the expansion of current service models, to meet the needs of a population predicted to expand at the rate, here in Victoria, of almost 2% per year? At one of these Brotherhood seminars last year, John Daley of the Grattan Institute succinctly laid out the fiscal challenge facing Australian Governments over the next decade. They will need to find 4 percent of GDP in savings and tax increases to balance their books by 2023. And, as recent events demonstrate, the States and Territories, the major funders of community services, will be hit the hardest. Take one small example. I note with concern that in its latest budget, the Victorian Government doesn't appear to have made provision for the cost of the much heralded Social and Community Services Equal Remuneration Order beyond the next financial year.

The writing is on the wall. There will simply not be the money to fund current practitioner intensive service models to meet the growth in population. They will be seen as being prohibitively expensive. For example, if we just consider for a moment the Western and Northern growth corridors of metropolitan Melbourne. I can't envisage any Victorian Government adequately funding the current service models to meet the needs of the one million extra people who will establish home there over the next 15 years.

My point here is that if our sector continues on its current trajectory it will increasingly become ineffective and unviable as governments constrain funds to it in a search for illusionary efficiencies.

So I put it to you that for both these reasons alone - the lack of skilled employees and the cost of practitioner intensive care models - the current community welfare service paradigm will become unviable. Not immediately but not in the distant future.

Not desirable

But sustainability is not the only issue. There are aspects of the current paradigm that are undesirable. We have clearly gained things through the professionalisation of care but importantly we have also lost things. My youth refuge parable illustrates how easily the power of the voluntary contribution of the broader community can be lost. We not only lose

the sense of responsibility that citizens have for issues in their community, displacing it to the community welfare sector, we also lose the diversity of networks and connections and opportunities that the broader community can bring to social needs. And most importantly we lose that intangible quality of authenticity that is created through voluntary caring relationships. As a consequence, the richness and effectiveness of service provision is greatly reduced.

It's interesting to reflect that Fr Gerard Tucker originally established the Brotherhood of St Laurence to strengthen the capacity of Parishes to respond to the needs of their community, not to take that responsibility away from them.

Our organisations were established by visionary members of the community - ordinary folk who recognised a need and gathered people together to address it.

Don't be mistaken. This is not an argument for abandoning the professionalised community welfare sector. Rather it is a plea to establish a sector that re-imagines its place within, and its connection to, the broader community. Where organisations re-discover and re-invigorate their mission as vehicles for harnessing the altruism of their local communities, rather than simply as contractors to government.

So how could we begin to do this?

We need to begin, right now, to shape a new community development model for service delivery that can rally local communities, local people, local businesses to invest in creating solutions for vulnerable and disadvantaged people. We need to discover how, in this complex modern world, we can mobilise people - from all walks of life - to enhance our basic service offerings. For example, by providing access to work tasters and work experience, mentoring, and literacy and numeracy education, facilitating playgroups, running breakfast and homework clubs, supporting struggling parents, visiting and caring for the isolated and lonely elderly, and assisting in the community integration of the homeless and newly arrived. That list is just for starters.

The evidence tells us that all of us benefit. It benefits the vulnerable and it benefits the health, well-being and quality of life of those that get involved in voluntary action.

You may be thinking, what is new about this suggestion. Don't we do this already? Clearly pockets of innovation exist in this space, but in my view they are swimming against the tide.

The challenge I am putting demands nothing short of changing the paradigm, our very modus-operandi. Rather than being expert at the delivery of narrowly conceived services as specified by government funders, our sector needs to build expertise in helping ordinary citizens to support their vulnerable neighbours and strengthen community life. We need to develop, or perhaps rediscover, the skills to assist ordinary citizens to give direction to, and exercise governance over, local efforts to provide services and to strengthen community life.

The folly of Victorian efforts at 'sector reform'.

Many will be aware that last year the Victorian Government initiated what it called a 'sector reform' process. Its stated aim was to improve how the government and the community sector work together in order to produce a more effective and sustainable community services system. Peter Shergold, the former head of the Commonwealth Public Service, was contracted by the Government to oversight a process that ended in a report said to be a 'road map for reform'. Governance, funding and contractual arrangements, localism, partnerships, outcomes instead of inputs and outputs, even citizen participation have all been muted as part of this reform. In fact the list of recommendations reads like an aggregated wish list from all the framework documents written across the health and welfare sectors over the last twenty years.

Frankly, they were so motherhood and high level in nature as to be practically meaningless.

To my mind, Shergold's exercise amounted to rounding up all the old hobby horses from within government and the sector, giving them another gallop around the paddock, closing the gate and saying, now you need to form a committee.

I can't see how it will enable the community welfare sector to deliver on its mission.

Why ? Well, first and foremost because of its starting point.

The focus of this reform process is the institutional relationships between government and community sector agencies. It seems to be premised on the idea that voluntary community organisations are an extension of government.

Page | 8

With the passage of time the limitations of this approach are more and more evident. It's less about sector reform and more about associated efforts to streamline the manner in which the Department of Human Services works - by co-ordinating service responses to people and maximising the efficiency and outcomes through economies of scale. Some, such as those known as Services Connect, seem highly desirable. Who could dismiss efforts to coordinate service delivery, to reduce fragmentation, duplication and inefficiency?

But we should not confuse this with sector reform. It could only be seen as such if you consider the voluntary community organisations making up the sector to be an extension of government, rather than an extension of community. What I find disturbing is how easy it is in this environment to begin to think that way. Our sector's willingness to embrace the process shepherded by the former head of the Commonwealth public service, to my mind, indicates that we may be at risk of beginning to lose our sense of mission and of clarity concerning identity and purpose.

So what, to date, has been the immediate fallout of this sector reform approach?

Whether intended or not, the reality is that it has created an environment that is driving many organisations to look to amalgamate to survive. This is the reality that we do not speak about.

If the trajectory of agglomeration and amalgamation of organisations is allowed to run its course over the next two decades, I fear we will see a welfare arms race in which the lion's share of government funding will go to super-sized welfare businesses, some of which will be

'for-profit' in nature, and the smaller, community-based and faith-based organisations will be marginalised or left completely undone.

This is a world in which these large 'not for profit' organisations, for all intents and purposes, function and look little different from similar sized 'for-profit' organisations. At another Brotherhood seminar last year, Mark Considine, the Dean of Arts at the University of Melbourne, reported on his research that suggested this type of convergence between 'for-profit' and 'not-for-profit' providers in Australia's Job Services system had already taken place. In this scenario why wouldn't governments treat them equally? You see the final act of this scenario played out in the UK Government's Job Programme, dominated by very large multinational companies, with enormous financial backing, able to bid the unit price down, take a dominant position in the market, and then pressure the government to take a stick to the unemployed.

My long experience in the sector suggests to me that this process of aggregation will inevitably lead to a loss of genuine local community roots from which services sprung, a lessening of local community control and sense of local ownership of those services, and a loss of voluntary community contribution to them. In the world of contract service delivery, more often than not these are considered as externalities - if they are thought about at all. For example, how else could you explain the recent defunding of smaller, long-established community organisations, providing mental health support to some of our most vulnerable citizens?

Just in case you think I'm being all dewy-eyed about communitarism, there are two hard-headed reasons why the loss of genuine community contribution is a big problem.

Firstly, because there is emerging evidence in Australia, and internationally, that complex social ills can only be tackled successfully if they are tackled at the local level with the whole of the community involved. This can only be achieved if services are delivered by local organisations well imbedded and trusted in the local community. Inevitably many of them will be relatively small. Some see this approach as at odds with efficiency. It need not be.

There are ways in which governments can support genuine local solutions while achieving impact at scale.

Innovative funding and governance approaches that give primacy to localism do exist. I point to the networked prime provider approaches the Brotherhood utilises in the Home Interaction Program (HIPPY) and Saver Plus programs and in the delivery of the Victorian Government's Work and Learning Centres program. They demonstrate efficiency and effectiveness. And of course there are others. The previous Federal Government's Better Futures Local Solutions project showed promise. Hopefully it is evaluated before it is forgotten. We need to be giving priority attention to understanding and evaluating such approaches.

Secondly, this tendency to agglomeration and amalgamation at the expense of the local is critical because, if my contention about the unsustainability of the current paradigm is proved correct, it's these very local services with a capacity to garner community contribution, that will be needed.

We had better ensure that they still exist.

For these reasons I consider the attempts at so called 'sector reform' we see in Victoria are misplaced and doomed.

There is an urgent need for the sector to pull back from them and re-imagine its contribution to harnessing community altruism in building community strength and well-being in the decades ahead.

The international tide of thinking

Interestingly, this idea of welfare programs increasingly run by large scale organisations, with care models completely dependent on professional practitioners, is running against the tide of new thinking about welfare coming from the left and right of politics. The answer coming from both sides – in the UK commonly referred to as 'Blue Labour' and 'Red Tory' - is to better utilise the energy that comes from self-generating community organisations able to

motivate and channel the energies and expertise of citizens. For the right, the problem is excessive bureaucratisation and state direction. And for the left, the problem is seen as excessive marketisation and outsourcing, as well as over-bureaucratisation. Both sides worry about the community element which is being squeezed.

Whether the problem is seen as excessive bureaucratic direction or excessive resort to the market imperative, there is an emerging consensus that the welfare sector - which in Australia originally came from the community itself, not government, and was motivated by moral rather than economic or managerial imperatives - is being stripped of its ethos of service to the community and of the ethic of voluntarism. The contracting ethic, which has become dominant under governments of all political colours, is increasingly seen as a drain on our sector's moral energy and enthusiasm.

I sense that many on both sides of politics here in Australia are inclined to this view.

Not a call for government withdrawal

For some this suggestion will invoke cynicism. They will point to the reality of recent years in the UK where 'The Big Society' served as a cover for savage cuts to welfare funding.

So let me be clear. My call for a re-orientation of Victoria's community welfare sector is not a call for the withdrawal of government. Rather, it recognises the critical, ongoing importance of governments, national and state, to fund health, education, housing and other community services, and to make decent provision for income support when required. Without the commitment from governments to help all citizens achieve a life of common dignity, especially in straightened economic times, the ideas I'm putting forward can't succeed.

The re-orientation I'm suggesting would put us onto a new trajectory towards a 'mixed economy' model that more effectively harnesses the efforts of government and the community and that reflects the realities we will face in the decades ahead.

What might that look like? Let me proffer a few, admittedly very sketchy, ideas:

- 'All of community' responses to local needs would be galvanised by systematic and sustained efforts by our sector organisations to inform community about issues and to encourage and facilitate activism. Here the PACE model developed by the Rotary Club of Melbourne holds unrealised potential.
- Governance and accountability for outcomes would be devolved much more to local communities, and financial support for services would be channelled through a co-ordinating non-government organisation. Here I think the concept of 'collective impact' coming from the USA has much to offer, as does the thinking coming from the UK about 'mass localism'.
- Much of the community building effort and voluntary contribution will have a prevention and early intervention focus. The effort of paid service delivery practitioners will be directed to community development and to the high needs end of the continuum of individual and family problems, where, in appropriate circumstances, they will be supported by voluntary contributions.
- Whilst the sector workforce will consist of a smaller proportion of paid staff, they will fall into three broad categories. Firstly, those with expertise in building community, fostering community activism and supporting volunteers. Secondly, those with a broad service delivery capability not tied to one care model or service mode, and thirdly a much smaller group of advanced practitioners capable of providing highly-skilled interventions and secondary consultations.
- Professional practice will focus on building the capacities and material resources of individuals, families and the community.
- The training of sector staff will be significantly re-orientated towards community engagement and development, and to cross-discipline skills.

Conclusion

Finally, I do not underestimate the task of re-orientating our sector and re-imagining our relationship to community. Or indeed re-igniting the very idea of community itself. But begin we must.

I hope we can engage in the difficult conversations that are needed.

Let us not be the generation about which those who follow us, say of us, that they forgot why they existed, that they didn't see the folly of their actions until it was too late.

End.