

The lady vanishes: Australia's disappearing voluntary sector

Paul Smyth

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In his speech on 'The Future of the Community Welfare Sector', Tony Nicholson portrayed a sector at the crossroads. Current reform trends as exemplified by the Shergold initiative in Victoria, he warned, would erode that distinctive contribution to society and economy which the sector has made for over a century. Urging it not to be the generation of which it is said 'they forgot why they existed', he exhorted the sector to pause the present trend, reflect on the past and consider alternative models of reform centred more on an ethic of community development rather than contracting the business of government. In this short paper I would like to contribute to this much needed discussion with reference to the question of why the sector exists. In particular I ask what has been the distinctive contribution of the sector in the past? Is it still relevant today? And if so, how can we avoid the threat of its extinction?

First, it is salutary to note that this is not the first time that the role of the sector has become confused. Indeed, Tony's speech reminds me of nothing so much as his Brotherhood Executive Director predecessor Bishop Sambell in his keynote address to the ACOSS conference of 1966. Then, 'welfare reform' had been all about the rise of the post-war welfare state which, Sambell said, had proved itself more than capable of 'acting creatively' and on a 'vast scale'. Now, he said, voluntaries were often more likely to find themselves seen as outdated 'menaces' rather than the 'pioneers' they had once been considered. He continued:

'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 a 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 voluntarism whether the same sentiments are present – but unexpressed.'

A decade later, of course, the dear old lady was back in her prime as arguably the golden age of the community sector in Australia was getting into full swing. The larger point here is that we can never really grasp the role of the community sector if we look at it in isolation from the role of the state and also that of the market. As Fyfe (2005) has argued we can best conceptualise the sector '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 voluntary sector being constantly shaped and reshaped by the influences emanating from the other sectors'. As William Beveridge (1948) described in his classic, *Voluntary action*, these are ever 'moving frontiers'. In the scenario sketched by Nicholson, I will suggest, today it is not the rise of the welfare state but rather the marketization

of social services which is the source of the fear that once again our dear old lady might vanish.

Voluntaryism and the community welfare sector

An underlying assumption of Nicholson's case is that the community welfare or voluntary sector actually has a distinctive role to play vis-à-vis state and market. It should be noted that some today query this proposition. They point to a new order of things where the private sector practises social responsibility and states seek to be more entrepreneurial, while community organisations become more and more business-like. In this new world of welfare, it is said, it makes no sense to single out one sector as *the* 'community' sector but rather we should look for a 'community' distributed across ensembles of more or less hybrid agencies.

This kind of thinking has also been encouraged by two decades of government inquiry from Hilmer to Shergold which have focused more or less exclusively on the efficiency of community organisations as economic agents in a quasi-market economy. Thus if you look at Peter Shergold's definition of the community sector it embraces a 'diversity' including 'charities' and 'social enterprises', with the 'private sector' also playing a role. In this governance regime your sector of origin is more or less irrelevant as you sign up as a business rival in the service market. Not only is your mission as a community sector organisation irrelevant but, as Nicholson notes, your practice risks ending up indistinguishable from private sector providers.

In spite of these now common views, I believe Nicholson is right to insist on a distinctive role and value-add of voluntary organisations in the creation of social welfare. We only have to think of how differently the 'frontier' around the sector is drawn in different welfare systems. In liberal regimes like the United States the tendency is to want to substitute community organisations for the state; in conservative systems like Germany the 'free welfare associations' such as churches are given a privileged role in social services in partnership with the state; while in social democratic regimes the state itself is the primary site of service provision. Clearly understandings of the distinctive role of the voluntary sector are nested deeply within some of the most fundamental aspirations people have about the kind of society they want, about issues of small versus big government and how they see the role of the market in relation to state and society.

The overarching challenge for the voluntary sector raised by the Nicholson paper is to reclaim its 'reason for being' and, with that, what ought to be its distinctive welfare value-add. This will undoubtedly not be seen as an issue for some elements of 'the sector' who have come to see the discussion of values as irrelevant to their business. For the rest it ought to be the occasion for revisiting their organisational missions, rearticulating the kind of society they want and on that basis clarifying what they see as the distinctive contribution of the voluntary sector alongside the state and market. This essential starting point of sector renewal will simply not happen if discussion of the role of the sector continues to be delegated to commissions of economists in the Hilmer–Shergold mould who,

as I will show below, simply have no capacity to address these fundamental social and political questions. The process must begin with genuine voluntary organisations articulating their aspirations for the kind of society they want and within that what they see as the distinctive role of the voluntary sector.

Some might think that the diversity of organisations might preclude arriving at a 'sector view' on its role. This is possible. But if we look at Australian welfare history, while there has been a diversity of aspiration both religious and secular it is possible to observe a distinctively Australian approach to the role of the voluntary sector which has embraced both conservative faith-based traditions and secular social movements. Most organisations today are rooted in this history. So it makes sense to begin by scrutinising this 'Australian way' to see what light it might throw on today's challenge.

Voluntary sector: From colonial times to the welfare state

In recent years in England and the United States there has been something of nostalgia for the pre-welfare state voluntary sector. This has been a feature not only of the neoliberal policies of 'Big Society' Conservatives or 'Tea Party' Republicans but also of the more centrist communitarianism of Blue Labor and Red Tories mentioned by Nicholson. While there has been some attempt to conjure up a comparable glorious past for Australia's voluntary sector, the reality is that, important as its role has been, it never flourished in Australia in quite the same way.

Thus welfare historian M A Jones noted that while many overseas experts came to marvel at the so-called social laboratory which was Australia at the end of the nineteenth century, nobody ever remarked upon the contribution of the voluntaries. The reason, as social work pioneer Norma Parker remarked to an American audience in the 1940s, was that in Australia people tended to look primarily to the government to solve social problems rather than to the community sector. Thus since the nineteenth century Australia had evolved a very distinctive pattern of development in which government took the major role in building infrastructure and utilities, fostering industry and in job creation. It also created the system of the family or living wage which meant lower paid workers were not exposed to the need for welfare in the same way as their counterparts in other countries. The family wage would facilitate self-governing communities in a way that would reduce reliance on state welfare.

The Australian system then presented something of a paradox. While emphasising the role of the state in promoting a distinctively inclusive pattern of economic development, when it came to welfare it looked to the community sector rather than government. Thus a startling feature of the colonial period was the rejection of the Poor Law system of poverty relief which had prevailed in Britain since Elizabethan times. In that system the state exercised overall responsibility for relief of the poor and in the 1830s had gone through a major reform exercise aimed at what we might call today a 'tough love' strategy to end welfare dependency. The colonists' rejection of this state-based system was founded in part on what proved to be the notorious severity of the 1834 reforms

but also on an aspiration that in the good society communities should look out for their poorer members on a voluntary basis rather than under government compulsion. The resource-rich land stolen from the Aboriginal people contributed to the relative abundance of economic opportunity available to the settlers, lessening the need for state intervention in welfare. It should also be noted that this aspiration to rely on voluntary effort disguised the extent to which social needs were still met through government and also the way in which charities often required state subsidies to survive.

Even if voluntary action enjoyed a relatively lower profile in Australia before the emergence of the welfare state a consensus was established that in most welfare matters community-based welfare was preferable to a state-run system. This was apparent in the social thinking of the churches in the period just prior to the Second World War. In the Anglican social teaching informing the work of Fr Tucker and the Brotherhood of St Laurence, for example, the unregulated capitalism of the nineteenth century was thought to generate what was called the 'Acquisitive Society', producing a selfishness at odds with Christian values (Tawney–Temple). Communist-style absorption of private property into the state was not an alternative because it was at odds with the freedom of the individual. Rather, free individuals should live lives of service to the community using the state where necessary to spread wealth and power more evenly across communities. The market economy should serve strong self-responsible communities in which Christian fellowship prevailed. Catholic social teaching provided a comparable, parallel system of thought from *Rerum Novarum* (1891), which also sought a mid way between capitalism and communism, to *Quadragesimo Anno* (1931), which, with its distinctive principle of subsidiarity, emphasised the creation of strong self-responsible communities as counterweights to the market and state sectors. It is important to emphasise that in this religious, indeed sectarian, age, faith-based community organisations were not welfare agencies set apart from parish life. They were thoroughly embedded in the wider life of their church communities and part of that wide proliferation of lay organisations, religious institutes and mutual aid groups through which church 'communities' sought to organise their own affairs. The stronger the overall community life, the less should be the reliance on direct government services. In this way, for example, Fr Tucker saw the primary role of the Brotherhood of St Laurence as strengthening Anglican parishes to meet the needs of their communities.

The voluntary sector and the Keynesian mixed economy

The Great Depression and the Second World War fundamentally altered people's preferences in relation to the roles of state, market and community sector. Faith in the capacity of the market to deliver the jobs, goods and services needed to underpin real freedom of the individual and to sustain strong communities was shattered. The war demonstrated the capacity of governments to boost employment and economic growth leading into thirty years of Keynesian-style economic management. Full employment guaranteed the freedom to participate in the market economy while a huge expansion of social services underpinned that 'Great Convergence' which eliminated the grosser forms of inequality which

had disfigured past liberal-capitalist societies. The welfare state basically replicated the new macroeconomic management in the social sphere: government would plan for overall social outcomes while leaving the micro-management to individual communities.

It took a couple of decades to work out this new relationship between state and community sector. It is important to note how the church-based organisations came to endorse the newly enlarged role of the state. Thus Frank Coaldrake of the Brotherhood of St Laurence observed in the 1940s that in the past community sector organisations had been a product of the general public's acceptance of 'responsibility for helping those in need ...'. Now, he said, 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.' The immediate role for the Brotherhood, he said, was 'to bring about the day of the social security state' when government would take over social services altogether and the agency seek other roles to fill thereafter. Within the Catholic tradition, the critiques of the 'servile state' associated with the Chesterton-Belloc school were eclipsed as the church endorsed the welfare state's 'socialization' of services in *Mater et Magister* (1961). This embrace of the welfare state was not without its dilemmas for the church groups. They became much more partners with each other and the state in serving the community as a whole rather than existing basically for their own memberships. Moreover the welfare state brought with it new professional standards and forms of accountability which led to church social welfare agencies being set apart from the traditional forms of 'voluntary' community action within parishes. The challenge for the voluntary sector was to help create new forms of 'community development' which would complement these more professional welfare activities and mesh with the new social responsibilities being accorded to the welfare state.

These mainly church traditions were joined and somewhat overtaken in the 1960s and 70s by secular social reform movements. Welfare state theorists like Titmuss saw the social services and community sector creating a social sphere based on altruism to balance the 'egoism of the market' economy, and T H Marshall saw the new social rights of citizenship counterbalancing the inequalities created by the more unfettered markets of the pre-war period. A burgeoning community sector was in the vanguard of movements to extend the new equalities across to society to include indigenous peoples, women, people with a disability and migrants. The Brotherhood became an exemplar of new community practice based not on the old charity model but a rights or entitlement-based approach to eliminating what was now seen as systemic economic and social poverty.

The community sector was no longer a substitute for but instead a complement to the welfare state. It was to contribute the 'micro-politics' needed to accompany the new comprehensive state social planning. As Donison wrote, large amounts of resources were now being 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 community sector invested its efforts in this whole 'micro-political' world of small neighbourhoods and particular groups of disadvantaged. 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 have more say over the decisions affecting their lives.

Thus the new welfare state order 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 41 per cent of Australian community sector organisations operating in 1990 were formed in the period 1960 to 1979 and a further 43 per cent in the period 1980 to 1990. Well into the 1980s most of these agencies (e.g. BSL) relied largely on their own resources, though by the end of that decade the sector was increasingly thought of as 'an industry' more and more involved in delivering services for government.

A new sense of mission had evolved and the sector's roles and responsibilities had been redefined by agencies in terms of:

- **filling gaps** in the government service system
- encouraging service **innovation**
- **counter** balancing excessive **bureaucratic centralism**
- performing an **ombudsman** role
- offering **self-realization and fulfilment for citizens** in mediating organizations between the individual and big government and big business
- providing a **choice of service** in a pluralist society
- engaging in **community education** to prepare the way for necessary social changes
- undertaking **research and policy work** to promote social development
- undertaking **community development** at the local level

The voluntary sector and the market economy

In the latter 1980s and 1990s the 'triangular tension field' shaping the role of the voluntary sector changed once again in a fundamental way. The adoption of economic rationalism or the 'Washington Consensus' led to the end of the full employment regime and a radical curtailment of the positive role of the state in the economy. It also initiated the 'Great Divergence', which saw returns to levels of inequality unknown since before the Second World War. This was a drawn-out transition, beginning with the opening up of the economy to global competition and leading on to the period of domestic microeconomic reform associated with 'Hilmer Mark 1' and national competition policy. This switch from a managed to a free market economy was quite unprecedented in Australia and the full implications for social policy and the voluntary sector are still being worked out.

Initially it looked as if it could be a case of business as usual for the community sector. While the Labor governments of the period embraced market-oriented economic reforms they also maintained as much of a commitment to 'social justice' and the apparatus of the welfare state / community sector as the so-called fiscal crisis of the welfare state would allow. The novelty of this mix of free market economy with an active welfare state was recognised by scholars

who saw it as prefiguring the so called 'third way' of the Blair governments in the United Kingdom (from 1997). The Howard government's 'social conservatism' also proved more pro - welfare state than the strict tenets of economic rationalism would have allowed; while the subsequent Labor governments showed serious intent to reinvent a positive role for government within a 'social investment' rather than a 'welfare' state. The policy mantras from this period of 'joined up government' and 'co-production' etc. suggested a policy terrain on which active states in partnerships with 'civil society' were evolving a new social investment regime interdependent with and not subordinate to the market economy.

So what has triggered Nicholson's concern for the future of the voluntary sector? Nicholson singles out the Shergold 2013 roadmap for service sector reform as emblematic of the dangers confronting the sector today. I think that if we put the Shergold initiative in its wider policy context we can see that we do indeed face a potentially radical departure from current practice. Nicholson's critique centres on the roadmap's near exclusive focus on the role of the sector as a contracted service provider for government, to the neglect of its other functions. I won't reiterate his substantive critique but just observe how this 'roundup of all the hobby horses' of the last couple of decades seeks to extend the 'Market Economy' further into the sector. Shergold locates his approach within the move towards 'more "market-based approaches to service delivery" followed by federal and state governments over the last two decades'. In a context characterised by 'increased pressure on government budgets' and the 'challenge of achieving a more efficient allocation of scarce resources', he thinks the aim should be to radically reduce the role of government as a service provider. In a startling contrast with Sambell in the 1960s, he concludes that: 'the default position of government should be that services are likely to be most effectively implemented by non-government providers'. While Shergold's report does have a blancmange-type 'motherhood' feel emanating from his desire to represent the diversity of views within the sector, he still makes clear his preference for the extension of market competition as the primary way of achieving the productivity gains necessary to deal with a world of growing social demand and increasingly constrained government funding. The 'community sector' in his view should aim to become more businesslike and entrepreneurial. Indeed rather than having any distinctive value-add, Shergold's 'community sector' includes 'for profits' alongside 'not for profits' in a sector he calls a 'public economy' which seems little more than a market in contracted government service provision.

But if we have heard it all before, can it be such a threat to the voluntary sector today? Economic rationalism has been around for over two decades. Does the Shergold exercise represent a real prospect of service marketization accelerating? We know now from the federal budget that the national government does have a 'small government' agenda quite unlike both its Labor and Conservative predecessors. Treasurer Hockey has said bluntly that 'commercial' not social or political considerations need to be at the heart of the service system:

'It is a simple and proven formula for willing buyers to engage with willing sellers. If we want a product or service we go and buy it with the dividend from the fruits of our own labour. The producer is happy and the customer is satisfied. The problem arises however when there is a belief that one person has a right to a good or service that someone else will pay for. It is this sense of entitlement that afflicts not only individuals but also entire societies.'

As we noted above, previous governments were inclined to preserve the frontiers around the social roles of government and community sectors vis-à-vis the free market. Thus Deloitte's (2013) evaluation of COAG reforms made the point that while economic policy underwent two great waves of reform, social policy 'represents a substantial policy area—and a significant part of the economy—[which] has yet to undergo a wave of major reform'. It is in this context that the Shergold episode might be seen as part of a 'reform' movement aimed at extending the market economy into the social sphere formally governed through the state and voluntary sectors.

Thus the 'Hilmer Mark 2' Issues Paper (2014) declares its intent to look at the 'unfinished business' of competition policy reform and at ways of 'extending competition reform into new areas'. Submissions were encouraged to look at

- 'new pro-competitive reforms in sectors with significant government participation such as education, health and aged care
- opportunities for businesses or organisations to compete in these areas
- government regulation that can foster competitive markets...'

The Issues Paper devotes a chapter to potential reforms of social services where reform simply means marketization. A tragicomical 'historical' context portrays the development of social services as an effect of 'competitive markets' in them being seen as not 'feasible' at the time—whereas now, of course, they are. It suggests that an already growing marketization of social services might well be accelerated through expanding the roles of not-for-profits and for-profits. In fact the sector of origin of the provider is neither here nor there, as it is the discipline of competition which will ultimately deliver best value to the customers.

As the market economy is extended into the social sphere, voluntary agencies will reconstruct themselves into what the paper calls 'rival businesses':

'Competition is the process by which rival businesses strive to maximise their profits by developing and offering desirable goods and services to consumers on the most favourable terms'.

In this conception of the role of voluntaries, they will:

- 'seek to increase sales by offering low prices' / innovation and deploying new technology
- 'gain advantage over rivals' by offering more attractive services and choice
- use the 'discipline' of the market to keep costs down
- accept that 'vigorous competition can be tough' but if they do 'lose market share' they are actually 'freeing up labour, land and capital for the

expansion of other businesses better able to meet the needs of consumers’.

While many in the health, education and welfare sectors will find this a ludicrous way of framing what they do, I think it does represent the logical conclusion of the over-extension of the market economy into the social sphere. In this framework, voluntary organisations do not seek to complement government action alongside the market as in the ‘welfare state’ or ‘social investment state’. Rather the framework seeks to dispense as far as possible with the role of government as provider of social services on the basis of citizenship entitlements, while promoting in its place privatised services in a market economy on the basis of ‘user pays’. The latter regime simply does not recognise a two hundred year tradition of government and community sector acting to either address market failures or reduce the excessive inequality generated by the market. Market failure and excessive inequality are simply wished away. The voluntary sector is seen as having no distinctive value add to bring to the welfare table but becomes just another rival ‘business’ in a privatised service market. Indeed the lady vanishes

Voluntary sector futures: time to choose

The Shergold report may have been messy and ambiguous and it is still early days for Hilmer Mark 2; nevertheless, I consider that the potential dangers need to be heeded by all those in the sector with a concern for the future of voluntarism in Australia. It is a drama being played out internationally and the sector needs to be fully aware that it is not operating in a state of business as usual. The United Kingdom offers an extreme example of the impacts on the community sector of attempts to bust big government permanently and marketize the social sphere. Nicholson’s account of the employment services tendering in that country shows you a future of multinational for-profit companies cornering the big taxpayer dollars while subcontracting down through a supply chain in which a dwindling number of voluntary organisations survive the rigours of market competition. In Germany on the other hand, the Free Welfare Services took the initiative to demonstrate their value to society beyond mere service contracting and policy has continued to promote their distinctive contribution to society.

What our Australian history shows is that the voluntary sector has always been a vital third party in the makeup of our economy and society. Don’t expect the lady to vanish. But it also shows the role has never been static: the theory and practice of voluntarism in the relatively closed and encompassing church communities before World War 2 was very different to that of the 1970s. But what should it be today? How can it account for its distinctive value-add? If it is neither a quasi-government agency managed by contract, nor a ‘rival business’ ruled by laws of competition, then what is it?

Here our history shows how much the role of the sector is bound up with dreams of a better world, be it overcoming the acquisitive society in a life of Christian fellowship or the secular pursuit of equality for all citizens. Sector renewal has to

begin with revisiting the dream. Within that vision of society some account needs to be given of how the voluntary sector should relate to the roles of state and market.

Here I think we have to be realistic and recognise that if the new federal government continues to act as though our key policy problem is not too much neoliberalism but not enough, then indeed the pressure will be on for the market economy to organise a private world of stratified 'human services'. In this world each class of customer will get only what they can pay for and no more, with a small, residual role assigned to the voluntaries of picking up the pieces—that is, the deserving individuals who have fallen out of the system.

The alternative vision rests on a rebalancing of the roles of the three sectors. In the Sambell Oration 2013 I showed how Inclusive Growth is widely seen in international circles as eclipsing neoliberalism and it is now an agenda being widely canvassed in Australia. In this scenario government assumes a more positive economic role to ensure broad-based, employment-centred growth offering economic participation to all citizens. Entitlement embraces more than economic participation as the benefits of growth are understood not to 'trickle down'. Universal entitlement to services should ensure social and economic participation for all citizens with a 'progressive universalism' bringing extra support to certain groups not served by mainstream service. Importantly for the Voluntary Sector, effective governance systems are emphasised for groups not well served by mainstream services.

Different scenarios for the sector will lead to different specifications of key functions and roles to achieve the goals. Here the historical contrast between the welfare state and market economy scenarios is striking. In the former, the sector typically operates from a mission of social reform: it advocates for change through research and community education, it enlists volunteers in the building of a better society; it is especially concerned for groups at the margins of the market and the state. In the other scenario, the 'mission' becomes subordinate to the imperatives of competition shaping 'rival business' practice in a quasi market place.

If the substance of sector renewal will involve a focus on the broad competing scenarios of state, market and civil society as well as attention to the specific roles needed to accomplish the overall aims, I believe it is equally important to put in place an appropriate process of deliberation. The voluntary sector simply cannot afford to allow this process to continue to be overseen by economic agencies. We should be outraged by the seeming wilful ignorance of history and social sciences which allowed the Treasury authors of Hilmer Mark 2 to dream up their childlike constructions of society and polity in terms of a market. I say wilful because there is a huge literature out there already on the failures of competitive tendering to live up to the promises of Hilmer Mark 1. Indeed at a BSL lunchtime seminar Peter Shergold himself delivered a heartfelt *mea culpa* for the negative unintended consequences it inflicted on civil society. Not a mention of this literature in the Issues Paper. More generally, of course, where would you find experts in health and education—outside a few ideologically

driven minorities—arguing for the superiority of marketized education and health? And the sheer ignorance of the classic accounts of the roles of government and voluntary sectors in the nineteenth and twentieth centuries underlines the incapacity of economic agencies to undertake the kind of review which is necessary at this time of great threat to the viability of the voluntary sector. The sector must initiate a process which it oversees itself and which it ensures is informed by appropriate multidisciplinary expertise (not excluding economists, of course) as well as the voices and experience of voluntary sector members.

Note: this presentation draws on earlier academic work:

P. Smyth (2003) 'Reclaiming community? from welfare society to welfare state in Australian Catholic social thought', *Australian Journal of Politics and History*, Vol. 49, No. 1.

P Smyth (2008) 'The role of the community sector in Australian welfare: A Brotherhood of St Laurence perspective', in J Barraket (Ed.), *Strategic Issues for the not-for-profit sector*, UNSW Press, Sydney, pp.212-23.

P Smyth (2009) 'Religion, welfare and the new social contract in Australia', appendix to BSL Submission to Productivity Commission Inquiry into the Contribution of the Not for Profit Sector. (BSL website)

P Smyth (2011) 'After Beveridge: the state and voluntary action in Australia', in M Oppenheimer and N Deakin (eds), *Beveridge and voluntary action in Britain and the wider British world*, Manchester University Press, Manchester, pp.149-165.

Paul Smyth (2011) 'British social policy legacy in Australia', in J Midgley and D Piachaud (eds), *Colonialism and welfare: social policy and the British imperial legacy*, Edward Elgar, Northampton.