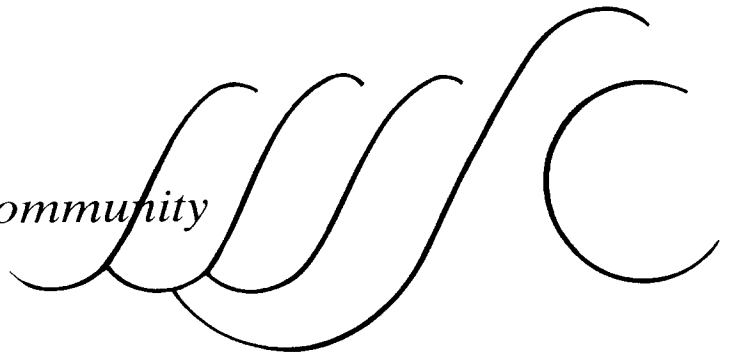


MALLEE FAMILY CARE

towards a more caring community



PATRONS SIR RUPERT HAMER, K.C.M.G., ED. and MILTON S. WHITING, O.A.M.
PRESIDENT RICHARD HASELGROVE, B. Ag. Sc.
EXECUTIVE DIRECTOR VERNON KNIGHT, Dip Y.L., B.S.W., J.P.

13 October 1998

Commissioner John Cosgrove
Productivity Commission of Enquiry into
The Impact in Rural and Regional Australia of
the National Competition Policy.
Productivity Commission,
P.O. Box 80,
BELCONNEN ACT 2616

Dear Commissioner Cosgrove,

It is the view of Mallee Family Care that the blanket application of the National Competition Policy will do enormous harm to the communities of rural and regional Australia.

We concur with the finding of the Forrest Committee in "What Price Competition? – A Report of the House of Representatives Standing Committee on Family and Community Affairs."

We endorse the position paper which has been prepared by Victoria's major providers of family and community services in rural Victoria. I am pleased to forward a copy of the paper for your consideration.

In summary, the paper argues

- The goals of economic and community development are the same: enhancing the goal of society by improving the quality of life of all members.
- A reliance on only one aspect of development – economic or community, will not lead to the attainment of this goal.
- The current focus of the government on economic development driven by free market forces is damaging rural communities and leaving many people worse off.

Victoria has just experienced a major crisis in its distribution of natural gas. Some have already argued that competition policy has contributed to the problem.

REGISTERED No. A 1982

ASSOCIATION'S INCORPORATION ACT 1981

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- SWAN HILL PO Box 1049, Swan Hill. 3585. Phone (03) 5032 4479. Fax (03) 5032 4946
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- MERBEIN Community Health Centre. Phone (03) 5025 2518. Fax (03) 5025 3298
- ROBINVALE 72 Herbert St., Robinvale. 3549. Phone (03) 5026 4300.
- RED CLIFFS PO Box 627, Red Cliffs, 3496. Phone (03) 5024 3099.

In managing the aftermath, the Premier implored Victorians to rediscover “community” in looking after the needs of the frail aged and disabled.

Ironically, it is one of the few government references which have been made to community in Victoria in recent times.

In a recent meeting with Dr. Denis Napthine, Minister for Community Services, Mallee Family Care endeavoured to indicate the likely costs of competition policy in rural Victoria.

The Minister indicated that he had no responsibility for community issues and that his task was to serve the interests of tax payers.

“If that means buying services from Queensland, then so be it!”

So on the one hand, we have a recognition of the role which community can play in meeting the needs of Victorians while competition policy absolves us from making any investment in community development.

The following examples may help to explain

1. The Council owned swimming pool in Robinvale has been managed by a local family for over twenty years.

A husband and wife combination have not only worked as caretakers but have maintained the kiosk and taught countless youngsters how to swim.

As a consequence of compulsory competitive tendering, the contract has now been awarded to a company in Geelong.

2. The story rivals the experience of the Numurkah football ground which had also been in the care of a local resident who not only cut the grass but attended to the watering as needed.

This tender went to a company in Frankston.

Their inability to water the grass had obvious consequences and the youngsters now play in a dust bowl.

3. A garbage contractor in the Swan Hill lost his tender to outside interests.

(Some would claim that the successful bid had more to do with eliminating competition in the short-term.)

Notwithstanding, the local contractor was prevailed upon to provide collection bins for the Kerang Show (a job which he had done freely in the past) on the basis that the new contractor did not do “freebies”.

While in each of the above it might be argued that the communities concerned have the benefits of a cheaper service, it does not take much to recognise the social costs which have resulted for the communities concerned.

There are equally many examples which suggest that economic gains in the short-term may well become economic indulgences in the long-run.

4. Mallee Family Care was the agency best placed to deliver the Strengthening Families Program in the Mallee.

It was precluded from the tender on the basis that consideration would only be given to tenders which extended to include the Loddon Campaspe.

As a result, an agency with no presence or legitimacy in the Mallee has been contracted to provide this service and offices are now being set-up in Mildura and Swan Hill for this purpose.

The end result is two agencies who share the same mission, funding separate infrastructures in the same localities for the maintenance of similar programs.

5. The Mallee has also been the site for the Spastic Society debacle and a loss of services to the communities of North-west Victoria.

While much of the government’s competition policy appears to assume that big is beautiful, the Spastic Society experience can evidence what happens when one major provider with state-wide responsibilities is compelled to face some harsh economic realities.

The reality for North-west Victoria was the conclusion that “It’s too far from Melbourne and it’s too expensive to service.”

The loss of expertise, the loss of infrastructure and the loss of identity of rural communities will potentially lead to the disintegration of rural Australia.

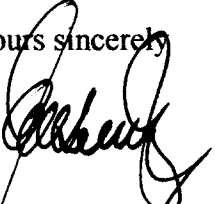
Interestingly, Mildura, of recent time, has been one of Australia’s economic success stories.

The growth of the wine industry is making an important contribution to Australia’s well-being.

The measures which attack community will also threaten the import of the entrepreneurship and management expertise needed to drive these developments.

The consequences of competition policy on health and human services could well see us shoot our selves in the foot, with terminal results.

Yours sincerely



Vernon Knight
Executive Director

VICTIMS OF IDEOLOGY

The Looming Crisis for Rural
Communities and their Community
Service Agencies

Endorsed by the Board of
Mallee Family Care Incorporated on
Wednesday 19th August 1998

VICTIMS OF IDEOLOGY

The Looming Crisis For Victorian Child and Family Welfare Services

Introduction

Victoria has always had a child and family welfare system dominated by the non-government sector, although over time the government has operated some parts of it as well. In recent years this has changed as residential services have been largely abandoned, so that now government just deals in the main with child protection and aspects of the juvenile justice sector.

So far as child protection is concerned it is still intended that the non-government agencies will be carrying out the bulk of the work entailed, leaving just the statutory functions of notification and investigation of the more serious cases. Recent official reports and documents foreshadow other changes in the direction of organisation and content of work which will alter the pattern of the partnership between government and non-government that exists at this time. The service sectors involved are subsumed under seven broad groupings: children's services, community programs, family services, youth services, juvenile justice, homeless and family violence, and protection and placement services. These operate under about 80 programs and are largely delivered by some 1800 agencies at 2400 delivery locations across Victoria and are mainly financed with government funds (YAFS 1997). It is not that the government wants to wind these services down, rather that it claims the number of agencies too many to deal with and that their services are too unwieldy - so much so that the time has come to make some radical changes. The Department of Human Services (DHS) through its Youth and Family Services division (YAFS) is to be the agent of change. Both the department and its predecessors are no strangers to initiating change having changed their names, structures, divisions, geographical locations and directors, to say nothing of a stream of ministers over the past two decades, so that no sooner is one plan announced and its implementation begun than a stream of reports proposes further changes in direction. This time though, the proposals are radical and must be taken seriously as they are premised on radical changes at state and national levels arising from a changed politico-economic ideology. The alarm bells have sounded among all the non-government agencies and none more so than those in rural Victoria. It is a number of these rural agencies that has occasioned this paper in the hope that its message can be widely disseminated in the community. There is a substantial number of people in the rural areas - and indeed elsewhere in the state - both inside and outside the field of practice in child and family welfare who will feel that the threats of the radical change to come affect matters of substance, not only with respect to the agencies

but also to the very communities in which they exist. It is not an exaggeration to say that many agencies are threatened with the possibility of closure at worst, and at best a forced merger with other such agencies. This threat comes from a government which, in the words of two perspicacious observers, "has the power to steer even if it no longer wants to row" (Alford, J & O'Neill, D., 1997). The threat is not lessened when one realises that the government is the main source of funding and in effect is a monopoly of contracting for services with the agencies.

The New Economics, The Force of Economic Rationalism

The context and backdrop for the thrust to radical change can be located in resurgence in modern form of a set of economic theories which date back a couple of hundred years. Most educated people will have at least heard of the seminal work of Adam Smith and his book "The Wealth Of Nations". His economic theory was further developed over the next two centuries and emerged again in the present era in modern form first in the USA and then in Great Britain and Europe under various labels such as: the new economics, neo-classical economics, free market theory and of course economic rationalism. Put at its simplest (and we would not suggest that they really are that simple) the theories behind the labels teach that the general good can only result from the unfettered interplay of price-determined supply and demand (Hutton,W.,1996). There are many keywords that travel alongside the notions: *consumer choice, privatisation, competition, efficiency, performance, outcome measurement, small government, low taxation* and many more. As J.K. Galbraith the notable USA economist has put it, the market is a force of transcendent power in so far as it motivates and regulates performance. Free market economics dominated Mrs. Thatcher's Great Britain and the same economic ideology imbues the present government of Mr. Howard on the national plane and Mr. Kennett's government in Victoria. It has led to a state of economic affairs where the key components which have been mentioned above have already been well and truly activated. Competition has been urged and instigated, efficiency and measurable outcome have been keenly fostered, state enterprises have been sold off to the private sector and community reliance on government support in cash or kind is being scaled back or withdrawn. The public is having to learn a new vocabulary of buzz words like *downsizing* and *outsourcing* and phrases like *performance measurement* and *tendering in a competitive, contestable environment*. The rate of change has been rapid and pervasive and while it may be too soon to make a studied assessment of the consequences of the changes, many families around Victoria and around Australia, have already felt the cold winds they have brought in their wake - farewell to secure employment, or any sort of employment. Whatever the economic gains, at least for some people, if not for others, some of the consequences are already emerging.

The text by Will Hutton (1996) which we quoted above is a vigorous critique of the policies of the new right in Great Britain. Let us quote him again on this issue - this time where his strictures are applied to the treatment of the welfare sector:

" It is required that the welfare system conform not to the notions of citizenship and democracy but the dictates of the market (and) the welfare systems have been organised so as to mimic markets in search for economic efficiency and the system shaped to reinforce a 'flexible' labour force. The resulting inequality is seen as the price of wealth creation".

(p. 307)

Earlier in the book Hutton states that today's new right do no more than repeat the ancestral warnings over the last two centuries: interfere in the operations of the market at your peril; inequality is the price we pay for efficiency; liberty to contract is an indivisible principle (ibid.175). It has to be mentioned at this point that capital can take different forms and the economic form is not the only one to be thrust into the forefront of debate. We can consider one or two other forms now, bearing in mind that we shall address in particular the child and family services sector. How does the new economic policy impact on the sector and in particular how does it do so in its rural domain?

Let us begin with the sector in general and consider the wider implications. It seems that the economic rationalist wave rushes on heedless of any damage it may do to the social fabric. A number of observers are beginning to think in this way, one of whom is Hugh Emy, a respected Australian political scientist who puts it in the following way:

"there is need for a conceptual framework for the 1990's which can accommodate the drive for a stronger market (provided through free market policies) whilst preserving key social values like the idea of a 'moral community' which can legitimate the public order. The idea of a social market can achieve a more balanced relationship between state and market where the strengths of the market are balanced and informed by strong and moral values and by legal norms because state and economy are conceived of as partners and not as antagonists".

(Emy, H., 1994)

This statement, while in no way condemning the free market economy as inappropriate in any circumstances, points out that there are social considerations such as social justice, equity and the impact of policies on the vulnerable members of society to be taken into account and it brings into play the concept of social capital. This is a term which is

beginning to be seen more and more in the debate of the economic and the social dimensions of policy in Australia.

About Social Capital

The term social capital describes the positive nature of social interactions and productive synergy underpinning the positive nature of community spirit. It is a fundamental component of Australian society's economic and social development (Centre for Research and Learning in Regional Australia, 1997). The term social capital emerged from the debate around the notion of the civil society which denotes the range of institutions that lie outside the domain of government and other institutions such as the legal system to which we all must conform. Social capital's interest lies in both domains and the sets of relationships and networks that occupy the spaces between the two. Hence it can address those institutions that are outside state control as well as those within, and this can include for example both the business sector and the non-government welfare sector (Norton, A., 1997). A number of research projects which are studying these interactions of capital building, are currently underway at the University of Tasmania and other centres of research. One of these projects is entitled: *The Value of Vocational Education and Training in Non-Metropolitan Communities, A Social Capital Analysis*. It aims to learn about the role of communities as the 'engine room' of regional and community employment creation. Social capital covers a wide range of ideas because there is no requirement that it should take the form of an institution serving a particular purpose. Hence it can take many different yet connected forms. Even an informal network of friends can be seen as a form of social capital, for it qualifies as a network of social relations that provides individuals with access to individual and organisational resources. Associated with these ideas, which are themselves still at an early developmental stage, come others such as human capital - that is, those inputs such as education and training which result in increased productivity and earnings - as well as others such as family capital which describe the resources and relationships necessary to assist the family to function effectively, manage its life tasks, meet its responsibilities and be able to mobilise the resources within the community to achieve all this. Extending the concepts, family capital can be regarded as establishing the link between the resources of the individual with the social resources of the community (Clark, R., 1996).

These few comments are offered here for the purpose of showing that economic capital and the different forms of social capital are intertwined. If they are treated as separate entities ignoring how they impact on each other it makes no sense, and for the free marketeers to ignore this, as many economists seem to do, similarly makes no sense.

To sum up so far, we can see that, first, economic forces by themselves are not sufficient to promote the good of society and if pushed too far will damage it, and second, that the social side of the equation is also a form of capital which, as social capital, alerts us to how the economic and the social interact, and as human and family capital, can be engaged

to secure the well being of people. We may as well close this section by posing a rhetorical question: what point is there in pushing the line of the supremacy of the economic expression unless it is for the purpose of enhancing the good of society, especially when evidence is lacking that it has done this by itself so far?

Community and its Development

The concepts of community and its derivative community development proliferate in social policy, social welfare, social work and kindred literature - hardly surprising since they are closely related fields of study and areas of practice and seen to be involved in the service to communities. The term community is used here to denote the commonalities that a group of people hold, in a neighbourhood, or across it, in a number of interests, beliefs and resources, which they are prepared to share and from which they and the others can benefit. The developmental aspects of community derive from the idea that the spirit and progress of a community can be actively promoted and that individuals and families can find support for their needs and potential through the process and product of that development. Clark (1996) claims that:

"strong families make strong communities
and vice versa"

Communities evolve over time, a point noted by social researchers over many years past. They need time to grow as communities rather than as group of unrelated people. For example, transplanting a group of people to a new geographical location, as has been done in Great Britain and other countries, does not create immediate communities in the sense that we are speaking of here. It takes some time and may well be delayed for longer than desirable unless an effort is made to foster a community spirit. A strong community is seen as a social asset and will hopefully display the features of capital building. The work of J. Holladay which he has recorded, furnishes an interesting example of how economic and social development must go hand in hand to strengthen existing communities. Holladay is an economist with wide experience of living and working in other countries from his native USA and has wide practical experience as a co-ordinator and manager of economic and community projects in several states of North America's deep south. He demonstrates how economic and social goals go together and must do so if progress is to be maintained. He is emphatic about this and he writes about this from his direct experience and not just as an intellectual proposition. His jobs were to revitalise flagging communities which had fallen on hard times, disadvantaged by rapidly changing economic conditions.

Holladay writes:

" Co-ordinating a diverse group of program services and significant dollar support for specific projects, our programs ranged from constructing rural health departments to water and sewerage for industry, from local leadership development efforts to loan guarantees for small business. We were operating welcome centres, minority loan programs and funding new magnet high schools in areas of major investment...."

(Holladay, J., 1992)

Holladay did not have an easy time of it. He met many obstructions; some people wanted to hold on to the past and others were suspicious of the motivations behind the offers to bring about change, but he saw and did enough to sum it all up on a positive note, confirming to himself and others that it takes a holistic effort to revitalise struggling communities.

We reiterate that communities, in order to survive and grow, need to make conscious efforts to foster their development and that many elements will contribute to this process: industries of all kinds, commercial enterprises, regional and local government, health and educational services, an assortment of non-government agencies, including welfare, plus the networks of people whose interests in their community must be encouraged. To ignore or depreciate community brings in its wake sad results leading to stifling of spirit and weakening the desire to join with others on a voluntary basis, depressing the emergence of leaders and loosening and reducing the likelihood that their interests and efforts can be passed on to the next generation. All this seems so commonplace that just writing it sounds like a reiteration of ancient truths which nobody would deny. It even seems unthinkable that any government at any of the three levels in Australia would knowingly and willingly set aside the benefits which a positive fostering of community confers, but it also seems that an over-reliance on economic progress only may do this inadvertently - progress, that is, for some but by no means all or even the majority. We are well entitled to ask if the conscious building of community is to be seen as a hindrance, an irritation to the workings of the free market, and whether it is the hope that this market will produce that trickle-down effect whereby everybody gets some part of the newly created wealth and that all communities will somehow also benefit? To be sure, politicians and bureaucrats pay lip service to the need to sustain communities. They usually have in mind the smaller towns and townships and, more generally the bush. But Brian Cheers, an academic who has studied the Australian rural scene for many years is under no illusion that the rural areas are losing out and they are suffering in much the same way as Holladay found in the south of North America. He puts it this way:

"On most social and economic indicators, disadvantage increases as we move from urban areas to provincial cities, to rural areas, to smaller more remote communities.

However this broad pattern masks pockets of extreme disadvantage and marginalisation in some rural, and especially the more remote areas..."

(Cheers, B., 1998)

Other observers such as Hoatson and Dixon with direct experience as community workers who can put the decline of the Victorian state government's commitment to their work in context confirm what Brian Cheers has written, and have this to say:

"the areas characterised by a long history of community development have felt economic rationalism most keenly. Community service providers have been forced to adopt a competitive orientation and needs that were based previously on people and social justice are now determined by market mechanisms. The long established community based infrastructure is being unravelled by this overriding market orientation. In particular many community service agencies are finding it difficult to maintain a community development perspective when required direct service performance indicators and standards must apply."

(Hoatson, L. & Dixon, J., 1997)

In respect to rural Australia, the message is even more pointed than even those comments generalised to the whole of it. One of our members states that taken to its logical conclusion, rural Victoria now faces the prospect that community services will in future be supplied by multi-regional, state-wide or even national agencies. It is a policy which ignores the essential nature of a two-way commitment whereby an agency commits itself to the well-being of a community and a community commits itself to a local agency.

Such observations come from all directions of community based welfare providers, not least those who work in the rural areas. The Victorian state government meanwhile with eyes raised to heaven and hand on heart pledges its continuing commitment to neighbourhood and community based agencies in the child and family welfare services (YAFA, 1997). However, these services are being increasingly subjected to the sharp edges of the instruments of economic rationalism. They are to be reorganised and will have to face up to competitive and contestable tendering for funding their services. The tendering process has already been in existence for some time but will be stepped up to the point where it will apply to practically anything the agencies do which is government funded. This is straight out of National Competition Policy and Victorian government policy statements which include 'competitive neutrality' and which aims to expose

government business to the same conditions of business as private firms. It reflects faithfully the ingredients of the market economy, that free market that we discussed at the outset of this paper. This is the business end of competition, downsizing, outsourcing, performing, outcome measuring and so forth. In the People Together Forum (1997) which considered the topic of tendering, it is described as an ideologically driven period of social engineering. After all, what is different about a welfare service is that it is not just another form of business. Child and family welfare services are provided on a non fee-paying basis, agencies are non profit-making, their service outcomes are frequently too uncertain to yield to measurement, their clients are the poor, the sick, the mentally or behaviourally disturbed, the broken in body, heart and spirit, the abused, the abandoned and homeless and amongst their clientele will also be those who are aggressive or frightened or socially isolated, and those who constitute the flotsam and jetsam of our society. Nevertheless, it still makes them equally eligible for the blind and so-called 'value free' market forces! Apart from their exemption from profit-based taxation the non-government agencies are still treated as a business.

There are other threats to non-government agencies apart from those posed by the tendering policy. One of these comes from the for-profit providers which already operate in some areas of human services such as counselling, attendant care delivery and in-home support services. One of our agency members has written that they are notorious in that frequently the standard of care provided falls well below that expected from the not-for-profit sector. Of course such services are on offer only to those clients who can pay the fees and hence they hardly touch those people referred to in the above paragraph.

The welfare sector is alarmed and shaken by both the form and speed of the coming changes. The agencies of which we speak, in the child and family sector part of the rightly named human services, have in the past been seen and operated in a partnership with government both recognising that it was a partnership of shared responsibility for meeting community need and encouraging community endeavour. Many of the present agencies arose over the past century, very much as a response to community need. It has been very much a 'bottom up' rather than 'top down' process of development with groups and individuals being involved through advocacy and consultation securing services across a wide spectrum of need. The result to date means that despite shortcomings Australia is in the top class of developed societies in the world with its child and family services (Boss, P., et al. 1995 p.xix). Let us now move on to consider how the threats to their communities have alarmed a group of child and family service agencies in rural Victoria.

Facing the Coming Economic Storm - Agencies in Rural Victoria

The state government policies will affect all agencies, metropolitan and rural, with a distinctive, adverse impact on rural agencies, which one would have thought merited instead positive discriminative consideration. As we have already stated the rural sector

has already been hard hit. The disappearance of rural jobs and subsequent population drift to urban centres over the past two decades have been well documented. Banks have shut branches, businesses have folded and family properties have gone under the hammer (Lynch, M., 1998). The sector has seen educational and health services cut, lost a significant proportion of its transport services, suffered from high unemployment and is only now coming out of a two year drought. (For more detail on rural decline see Appendix A.) It is small wonder that a number of well known and well established child and family welfare agencies should feel real concern for the harm done to their communities, their clients and their agencies especially when they can be pretty certain that there is more bad news to come from present government policy.

Let us next describe what these agencies do for their clients and then after that, move on to the issue of the competitive tendering process, which seems to symbolise in specific terms what economic rationalism means, and how it will impact on the agencies' operations. The agencies that are the subject of this paper are well respected in the rural areas of mid and north Victoria where they are based. Between them they cover the population living in the areas of the Murray, the Mallee, the Wimmera, the Goulbourn Valley and Ballarat. One of these agencies has been serving its community for the past 130 years; the others are much younger, commencing their operations from 15 to 19 years ago. All are rated as being in the forefront of practice, keeping up with current knowledge. They combine established and proven practice with innovations that have been tried out elsewhere and found to work. In studying the literature of their work it is interesting to find a broad similarity of programs that they run. Some of these are listed below. At one time and not really so long ago, child welfare agencies were only concerned with the care of children and mainly substitute care at that. Today it is both child and family that is in focus as well as young adolescents, and the services on offer reflect this change. The agencies are also at the cutting edge of preventive work, to help families stay and work together with their children and not only to prevent possible child abuse but also, more generally, to enhance family living. Below is a range of programs taken from the files of one agency which with some qualifications would also fit the other three. The titles of the programs more or less convey in essence what they are about and how they tie up with each other:

- Family Services: family support, intensive family service, parenting plus, family counselling, family violence prevention, tenancy advice, consumer advice, financial counselling.
- Services for Children and Young People: permanent care for children and adoption, family group homes, day foster care, day stay (support for families) accommodation for adolescents, education unit.
- Community Development

These programs can be applied by themselves or mixed with others so that a horizontal, integrative approach can be taken. The other agencies have similar features. All agencies employ trained and highly skilled staff who run the programs, hands on, but they also have

a body of volunteer workers to assist them apart from their fund-raising activities, and of course, each agency has a governing Board drawn from the local community, with specialist skills to assist and advise on policy and management.

It would be difficult to find a clearer example of community in action, local service, local participation and commitment, local pride in what is being presented. Why threaten it now and why should the agencies feel threatened? The answer lies chiefly in the fact that all the agencies rely heavily on government funding, in the main from Victoria but also to a lesser extent from the Commonwealth and lesser still from Local government. The state government has responsibility for the statutory child and family services, but even some of these plus a number of non-statutory services are contracted out to the non-government agencies. It is intended that the state government will eventually divest itself of most of the services that it now runs directly, which will mean that the work of the agencies will increase, that is for those agencies which survive in the competitive tendering contest. But just to give a flavour of the reliance by non-government agencies on government funding, here is a table of income of five agencies and the proportion that comes from public sources - mainly, to repeat, from the state. These are the latest available figures.

Government Financial Support to Five Agencies

Agency	Total Income	Government Support	Non-Government Support	Government Support
	\$	\$	\$	%
1	3341518	2657593	683925	79.53
2	1223547	901779	321768	73.70
3	3165973	2550681	615292	80.56
4	2446485	2271898	174587	92.86
5	4073844	3213000	859994	78.86

The calculations show quite clearly that most of the funding comes from public sources. But they also show how much money the agencies contribute to the services they operate, money raised largely from the local community or through good financial husbandry. In the last financial year this amounted to more than \$2.655 million. To that calculation we may also add the net worth of this cross-section of agencies, that is to say, their assets less liabilities, which amount to \$13 million and which in effect represents their contribution to the pool of community assets.

Let us continue with our theme of the tendering issue. It takes us back to the earlier assertion that government, and here we are talking largely about the state government, is the monopoly party in the contract situation and can if so minded choose its suppliers from

amongst the hundreds. On the other hand if all the suppliers laid down their tools and said 'no more', the government would be embarrassed because at minimum it would have to run those services which it is statutorily obliged to do. Unlikely, you say, it would never get to this, in which case you will need to know that in the recent past we have come close to a breakdown in non-government to government relations over funding matters. And as any follower of Murphy's law will tell you : If it can happen, it will ! But the government as the monopoly funding contractor does not have to go too far and threaten all the agencies. It is sufficient to threaten just a few or most, or anywhere in between. It can decide that there are far too many agencies to deal with and confine itself to dealing with just those that seem, through size, or speciality of a service, or appropriate geographical location, or whatever, most suitable for their purposes; they just set down their criteria. And one of the criteria is that of competitive, contestable tendering.

The New Era : Competitive, Contestable Tendering

The YAFS Document

The central thrust of the Victorian state government strategy outlining the future framework for youth and family services was published in November 1997 under the title of *The Redevelopment of Victoria's Youth and Family Services - Strategic Directions (YAFS)*. The document presents an outline of what the YAFS division believes is currently wrong with the delivery of services in the child and family welfare sector (this includes some infant health services but the strictures about these are much milder). It is acknowledged that the range of services has 'performed reasonably well' and the document goes on to give the infant health services a moral boost saying that they are 'highly regarded and utilised by almost all Victorian families'. (We do not intend at this point to expand on why by implication the other child and family welfare services cannot qualify for the same accolade, or whether the sector would want to reciprocate with a critique of its own of the division's activities.) Even so, given the relative mildness of the YAFS rebuke one is tempted to suppose that the document would concern itself with some modest changes, and no-one would deny that some changes would be welcome, but what follows is a quite radical recasting of the organisational framework of services that has developed over the years, not by dictate from government, but rather, driven by needs in the community as perceived by those who, historically, have delivered the services and responded to needs.

It is salutary here to cite the example of the rediscovery of child abuse 25 years ago. The discovery that child abuse existed in abundance in Victoria seemed to astonish the Department of Community Welfare Services, as it was then called, and it took the Victorian government another five years before it started to take the matter seriously. This most definitely was not a case of an alert and far seeing government and its bureaucracy

tackling a serious problem ! But for now, this is how the YAFS document contemplates the future; this is how it sees the services being improved:

- clear specifications and agreement of the core outcomes and objectives of the system;
- strengthening of the preventive services to balance and complement the statutory intervention services;
- clear access points to appropriate services;
- grouping of services to provide effective responses to a range of family and individual needs-delivery of services on the basis of appropriate area configuration.

At first glance that is a reasonable list but there are barely hidden stings. The main fears of the non-government sector cluster around a number of issues and we must confine our remarks to those which are of concern to the rural sector. It should however be borne in mind that the YAFS proposals, so far as is known, were not subjected to any form of rigorous research - at least the document makes no mention of it - before they appeared in print. Neither, the agencies claim, were they subjected to thorough consultation with the field, as might be expected prior to the issue of a major policy document. So to the concerns of the rural sector:

- the proposals are driven by an economic imperative rather than an informed view and understanding of what is best for the community;
- the YAFS division wants to engage in what has become known as 'bundling' of services, that is to say, putting services together to form larger units either within or between agencies and in this way it can create bigger service providers. It would force the smaller ones either to merge or to collaborate in ways that would not be appropriate and also leave them with residual work for which they may not be equipped;
- the division wants to confine itself to the planning, regulation, purchasing and monitoring of service delivery which would distance it from practice experience and understanding of what it is actually like to work closely with vulnerable people;
- the tendering for service contracts is an inappropriate way of funding child and family welfare services.

Dipping a little deeper into the document other interesting points emerge. These include ideas on principles and modes of practice which are intended to achieve a balance between a targeted and linked service system and the desire to differentiate between

generalist and specialist services. Here a distinction (at best theoretical) is made between three levels of supportive intervention: level 1 - generalist; level 2 - self-managed; level 3 - case-managed. Level 1 refers to services which are generally available to the public and are broadly supportive to families because they ease the burden of child rearing and in any case carry no stigma; examples are pre-schooling and child care. Level 2, the self-management level, covers those families who are finding difficulties in managing their family life for a variety of reasons and where there is a potential threat of breakdown. These families can be helped with appropriate services such as parenting training or financial counselling or respite care for the children. They can cope with some help but the social worker does not have to sit on their doorstep in case something goes wrong; they can in fact manage by themselves. At level 3 the family is in trouble, needs help now and fast if breakdown is to be averted. This would include families who come into the category of statutory intervention, although it could also include those whose children are beyond the statutory age group or are not in the potentially serious child abuse bracket. The motivation for offering these services ranges from the desire to support families to bring up their children, right through to those families who are in danger of abusing their children. The state government has in recent years had a not-so-good press over child abuse with all the attending political repercussions. It is not surprising that it wants to do whatever it takes to tackle the problem. Child protection is at the top of the action agenda. Four-fifths of the \$500 million a year spent by YAFS goes on child protection, so the better you can make your prevention programs the earlier you can get on top of the abuse problem.

Then there is another set of desirable developments which crowd around improvements in the designation of clear entry points for clients to access the service system, consolidation of service types and a greater emphasis to be placed on outcomes of intervention and their measurement. This is about becoming more efficient and greater transparency about outcomes as well as cost of service. And then there is the matter of agencies having to tender for most of their services. This perhaps typifies the genuine fears of the agencies. How to secure funds from government has always been a big issue and indeed agencies are no strangers to tendering, but this has in the past mainly been to do with trying out a new program, or undertaking some special project and not with being forced to tender for services in their locality which agencies have been undertaking for many years. This proposal, together with the threat that some agencies - more likely the smaller ones - could disappear altogether has become a catalyst for action. Without these two fears, the YAFS document might have received a better reception by the welfare sector.

If the purchase of services is effectively to be confined to some agencies, certainly far fewer than today's number, then it will inevitably squeeze out the smaller and poorer. Oh, says the document to the agencies, go and collaborate with those who were successful in the contest or sub-contract from them. And if you are unsuccessful with either ? Well, you can always merge with someone else... now that would be efficient! The instrument of tendering - the full phrase is competitive, contestable tendering - will ensure the survival of the strongest and fittest (or is it just the biggest?). But, the argument runs, the principles of tendering are already well-known in industry and commerce, manufacturing and

servicing, in construction and communications and so on. Why should it not also apply to the welfare industry? Why cannot people be treated in the same way as commodities? We can do no better than quote this extract from The People Together Forum (1997) which provides a short answer to the questions:

"Government has made the mistake of seeing human services as an industry and has subsequently applied business models, practices and jargon. This has led to social deterioration... competitive tendering fails to recognise the dedication and human quality that comes with social mission, professional practice and a sense of community"

For now it looks as if the selling of the YAFS strategy will be left to the regional offices which are speedily busy putting together their own 'sales' documentation (Western Metropolitan Region, 1998). The regionals are at least close to the non-government sector, their staff more tuned to the capacities and problems that face the agencies and see more of work in progress than their counterparts at head office, and their record of consultation with agencies is superior. They will have the sensitive and frankly problematic task of saying something positive on the issue of "bundling", advising on appropriate areas for service delivery and worst of all, persuading agencies that competitive and contestable tendering and arriving at appropriate outcome measures are in the best interests of the agencies and their clients. But in the end, the regionals are only the messengers and cannot undo government policy.

It is interesting to note, by the way, that Victoria is embarking on a phase of governance in these matters just as in Great Britain, on a change of government, competitive tendering is coming to an end. The system was developed by successive governments over 18 years but reached its zenith during the 10 years of Margaret Thatcher who as an enthusiastic follower of free market politics, managed to alienate the greater part of the electorate and did serious damage to the welfare system. So far as tendering was concerned, the system was costly and did not work and this was the consensus view not only of welfare practitioners but also of local government and business (Hirst, J., 1997, Clode, D., 1997). A new system has been put in place called 'the best value' system. It consists of a much more open-ended way of measuring outcomes which removes the element of compulsion from the contracting of services to the independent (non-government) sector and emphasises quality of service and user involvement. It is of more than passing interest to note that the YAFS paper is definitely short on saying anything about user involvement in the planning of or delivery of child and family services. It may be too soon to make any evaluative comments on the 'best value system' but it would at least have been sensible for our local policy makers to have given some hint that there are alternatives to tendering in arriving at solutions on effectiveness and efficiency in service delivery.

There is of course no philosophical discussion in the YAFS document on the theoretical merits of tendering, it just assumes that it is the only way to go. Well, that is to be expected as its compilers have to follow the dictates of their political masters. All the same the single-minded assumption that tendering is best is something of an insult to the reader's intelligence, but let us leave it at that and just examine what it means a bit more closely.

The document confines itself in the main to stating that the majority of targeted services will be purchased from and be provided by the non-government sector. (Perhaps it may be of use to mention at this point that child and family welfare agencies are not the only ones to be affected by the tendering process, but other, albeit, family orientated services like counselling and palliative care are also affected, as well as local government). The statutory investigative and judicial functions relating to child protection will remain with YAFS, at least for the time being. There are five points reflecting the expectations of the capacity of the agencies to fulfil service obligations. They will have to:

- have strong links with generalist services;
- have a recognised and effective community contact and intake point;
- show enhanced needs assessment capacity, incorporating safety and risk components to screen and refer cases to child protection;
- demonstrate a well-developed case management capacity for working with clients with high and complex needs;
- hold strong links with statutory services and work with them in seeking enhanced outcomes for clients.

Whilst there is at first sight nothing exceptional about these expectation points, and our agencies would consider themselves well able to meet these requirements, the thought does occur, however, what would happen if they were deemed to be unable to satisfy YAFS on any one or other of these points? Given that DHS is a monopoly contractor and the agencies are in competition with others, would there be any avenue of appeal to a judicial authority, the Administrative Appeals Tribunal, perhaps? There is nothing in the document about that.

These agencies and others like them are less sanguine about their chances of competing successfully with the large conglomerations of agencies based in metropolitan Melbourne which have much greater resources and the capacity to house their own special tendering departments or engage expensive consultants for the job. Already some metropolitan agencies have set up in rural areas so the threat is not an idle one. Only region-wide tenders will be considered; could our smaller rural agency comply with that requirement? To quote once more from one of our members: 'consigned to a large urban agency, the present network of services might well be replaced by a single provincial outpost. Large

urban-based agencies would have no alternative but to adopt a minimalist approach to service provision'.

Negative Impacts of Tendering

In Australia all the states now make use of tendering from the public to the private sector and it is instructive to note the conclusions that have been reached so far. A study by John Ernst and colleagues (1997) describes the experience of local government in Victoria. Findings included statements that cost was the major driver in decisions to use tenders and that other considerations, such as quality, equity and impact on the local economy occupied, at best, only second order positions. Tendering also incurred extra costs. Whilst some benefits do flow from tendering, Ernst et al continue, these could be derived from using methods other than tendering. According to them, quality is the first casualty and they doubt whether tendering brings cost effectiveness over the longer term. A particularly disturbing finding is that in rural areas the essentially inflexible and non-negotiable practice of Victoria's tendering regime has been disadvantageous, potentially leading to the hollowing out of country Victoria. Their view is that in the future Melbourne and half a dozen regional centres will service the needs of an ever declining rural population, local opportunities and local control. Matters are made worse by the rigidity of the government contractors in refusing to factor in elements which might temper the impact of tendering. The Office of Local Government, for instance, refuses to permit factoring of local employment and local economic issues into the tendering decisions, all in the interest of strict neutrality toward the tenderers.

While Victoria presents a rigid and tunnel-visioned approach to tendering, the researchers found that in the other Australian states governments have found grounds for flexibility and what sounds to be a more common-sense approach in the use of tendering. As for the wider overseas experience, we must go to another competent Australian work which covers a vast array of the literature of studies on privatisation and contract tendering in the USA, UK and several European countries. The researcher, Graeme Hodge (1996), sifted through hundreds of research reports and used sophisticated statistical analysis to arrive at his findings. Like Ernst et al in Victoria, Hodge found that tendering was essentially cost driven and few operators were motivated by concern for enhancing quality of service or by any consideration for social, democratic, political or legal dimensions. In some enterprises such as garbage collection and cleaning services and similar one-product entities there were indeed cost savings, around the 14% mark, but often the evidence for enhanced savings was hedged about by all manner of

qualifications. Hard data on the effectiveness of contracting out health and human services was scant, and Hodge states that it is debatable whether contracting for them is always effective. He also concludes, as we have done throughout this paper, that tendering based on theories around privatisation derives from a particular ideology. Our own comment is that if tendering hardly justifies itself on cost saving, why bother with it at all, especially as

it harms essential qualities like consumer satisfaction, service quality and democratic dimensions in the process?

The issue of tendering, competitive, contestable, is dear to the heart of the economic rationalist. It traces a direct path from free market economics and reminds us that we all have to compete just in order to survive. As Will Hutton (1996) puts it, competition is equally at the heart of Charles Darwin's evolutionary theory, all life is a struggle for survival, only the fittest survive, the weak must perish, that is the natural law. (Philosophers since Darwin have used this basic theory to apply to contemporary societies not the least the propagandists of Nazi Germany). But as Hutton points out there is nothing inherently 'natural' about the institutional, legal and cultural context in which market economics operates and where it insists upon the primacy of market imperatives. Free marketeers quite ignore that there are conscious choices to be made and that the market can be shaped and tempered to suit social ends. But no, free market adherents dismiss any alternatives as soft-centred, resulting from muddled and woolly thinking and that's that.

The People Together Project organised public hearings in November 1997 on the competitive tendering for human services. Twenty submissions were presented covering various health and welfare agencies and local government and another 13 written submissions were received. The aims of the Forum were to provide an opportunity to agencies to express their views on the effects of competitive tendering and to suggest reforms. Subsequently a twenty page report covered the ground discussed and summarised the numerous issues involved. Here we can only give an outline of the major concerns but enough to underline the real concerns of agencies and to demonstrate how unsuitable and unfair the tendering process is.

The underlying assumption of the National Competition Policy report is that competition will produce cost savings and better quality service. At the same time, Professor Hilmer, the compiler of the report, concedes that there are situations where competition does not achieve efficiency or else conflicts with other social objectives. This alone should have been sufficient to persuade the political and bureaucratic policy shapers in Victoria to tread with care before plunging headlong into plans for child and family welfare. As the Forum report puts it:

"Welfare agencies have to tender where there is no real market or where the government is the only purchaser of services. In some cases it appears that the contracting out, often to the private sector is the main objective. When existing public providers do not win contracts they cease to exist. As

a result competition in the next round is less fierce. Gradually monopolies are created."

This sober assessment reminds one of the game of musical chairs - fierce competition ends with the successful competitor ending up with the monopoly of the only chair left.

Impact on Rural Agencies

The larger agencies with a wide range of services are in a better position to tender than the smaller ones. They may have the economies of scale and hopes of being able to absorb some of the costs of operations and therefore can drop their price. No special consideration is given to rural agencies; each agency is deemed to be an equal competitor in the tendering stakes. The point that agencies have to cover large geographic areas, that populations are often widely scattered, that to reach them takes a great deal of time and makes delivery of service more costly, all that merits no special consideration. Equally, the point that the danger of losing one or more of the agencies would constitute yet another serious blow to community maintenance and wellbeing, is also not a matter for consideration. The only comfort that agencies are given is that they are told that they can sub-contract for services from a successful agency or collaborate by joint tendering. This, too, is tantamount to telling them that if they are too small to enter the contest they are not really wanted. Small agencies may be able to pick up some of the crumbs from a larger agency but why should they expect to be treated to better cost consideration from the larger agency than the latter can have got from YAFA? After all, this is about cost cutting, not sentiment. It will actually also bring into consideration the wider introduction of fees for services rendered - nice prospects for low or no-income clients!

Cost of Tendering

The costs of tender preparation, filling out voluminous documents hunting for answers and trying to supply those most likely to please their masters as well as chasing around for the inevitable sheaves of attachments are a financial and temporal burden on all agencies. We talked earlier about the advantage that a larger agency may have here, though no-one can look with equanimity on a money and time-consuming operation when both would be better spent on delivering services to clients. It was reported at the Forum that the documentation is often inches thick and may cost tens of thousands of dollars to prepare. Other information gleaned by this writer from his personal sources suggests that a tender for a metropolitan area may attract ten respondents and for the country five, and these are minimum figures. None of the cost of tendering is reimbursed to the agencies and since YAFA will have huge expenses involved in sifting through the tenders and attendant processes of negotiation and enquiry one can only express the utmost disgust for this wasteful exercise at public expense.

Specifications

It has been reported by participants at the Forum that tendering specifications are often inappropriate and misleading resulting in further enquiry by the tenderer while the 'return-by' date looms ever nearer. There are also rumblings that there is a culture of 'backroom politics' in the tendering process, not misplaced when it has happened that timelines for return have been adjusted after a tender is due for return. In fact, the possibilities of 'playing favourites' are quite tempting.

Departmental Staff Problems

Resources, skills and systems are necessary for government departments to manage contracts successfully. Competitive tendering has already developed alongside the general reduction of staffing in government departments. The most recent annual report from the DHS (1996-97) shows yet another such reduction and the remaining staff is overwhelmingly engaged on what is called 'purchased services'. It is also known that there has been a significant decline of people with experience of working in the service sectors of child and family welfare and community development. Instead the department is fast becoming a haven for accountants, lawyers and managerialists. This leads to inappropriate actions by departmental staff for soliciting and handling tenders. People who have no or only limited knowledge of the way the service sector operates, how it 'ticks', cannot be expected to interpret tenders as would those who are familiar with it. There is a widespread feeling amongst the service sector that the heart has shrivelled up in the Department of Human Services, when heretofore one was pleased to know that the people working there had the best interests of agencies and clients at heart and knew from direct experience what it is like to work in the field of practice. Agencies complain of a poor understanding of the way services are delivered, what is in the realm of the possible and what is not and why clients do not necessarily fit into service categories set for them. All this builds up to foster mistrust and frustration and makes for a poor climate for interaction especially when tendering is at issue. This is not helped by another feeling that the level of consultation has dropped to the detriment of everybody.

Conclusion

The child and family welfare sector in Victoria is being driven into a new phase of relations with the government, not through a process of conclusions arrived at after consultation over a reasonable period of time with compromises to be made by both sides until a mutually acceptable consensus could be arrived at. Rather it is due to a mandated

imperative driven by government policy and with managerialist priorities written all over it. Over the years the service sector has had to absorb periodically the bumps and scrapes of government policy but in general has been able to work unostentatiously and at relatively low cost to the community in order to shield the vulnerable amongst the citizens from the greater harm which they are exposed to. The services have stood between them and the harsh world. The agencies are not renowned for lavish spending, sport no grand premises, no million dollar executives, shout no \$1000 lunches for their mates or mount any of the other expense-no-object activities which other service sectors of the community display. They really would like best to be left in relative peace just to get on with the job for which they are trained and for which many make personal sacrifices to undertake. Here is a final quote from the Forum (1997) document:

"Human services have never been the arrogant prerogative of government and bureaucracy in Victoria but rather a partnership of government responsibility and community endeavour. The unilateral approach of the Victorian government and bureaucracy in recent years has put at risk a century of mutual endeavour and co-operation and has increasingly prejudiced Victorian communities and appropriate standards of service and care."

That seems to sum up what the fears of the child and family welfare community are about. It goes further than just the threat to the existence of many agencies. It is also another link in the chain of serious disruption or even breakdown of many communities, particularly in rural Australia. If this were done unwittingly or even through pressure of great necessity it might be more excusable, but it is not. It is being brought about quite deliberately and arrogantly, wrapped up in the spurious desiderata of efficiency and cost cutting. If it succeeds, it will have done not a shred of good to anyone. If it fails, as one suspects it will, we will look back on this era as one in which something precious which has taken a hundred years to produce was crippled in a single decade, and left Victoria and its people the worse for it.