



Competing Interests

Competition policy in the welfare sector

Ann Nevile

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Contents	
Contents	iii
Preface	iv
Executive summary	v
1. Introduction	1
2. Anticipated impacts of competition policy	5
2.1 The development of competitive tendering	5
2.2 Loss of autonomy	6
2.3 Reduced collaboration and learning	7
2.4 Reduced choice and diversity	9
2.5 Increased administrative costs	10
3. Actual impacts of competition policy	13
3.1 Loss of autonomy	13
3.2 Reduced collaboration and learning	16
3.3 Reduced choice and diversity	20
3.4 Increased administrative costs	23
4. Disentangling the effects	29
5. A common set of principles	37
5.1 Accountability	37
5.2 Why provide the service?	38
5.3 How to provide the service?	39
6. Conclusion: Making public benefit a priority	43
References	49
Appendices	
Appendix A Public benefit and legislative review	55
Appendix B Names and positions of those interviewed	58

Preface

The Australia Institute and Anglicare Australia are grateful to the many non-government organisation representatives and government officials who provided information and drew on their experiences to assist in the preparation of this report.

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The two sponsoring agencies greatly appreciate the sensitive and thorough research undertaken by Dr. Ann Nevile into difficult issues of major importance to the non-government welfare agencies.

Executive summary

For some time, there has been a high level of anxiety within the welfare sector about how competition policy, and especially competitive tendering, is affecting non-profit agencies. While competition may lead to an increase in economic efficiency, it may also produce undesirable side effects such as increased inequality of income and wealth. Because competition may produce undesirable side effects, many in the social welfare sector are uneasy with the idea that competition is the best way to improve performance.

This study:

- compares anticipated impacts of competitive tendering with actual impacts;
- disentangles the effects of the policy itself from the way it is being implemented and other changes in the policy environment;
- identifies a common set of principles which government and non-government organisations agree can provide a rationale for action and process; and
- proposes recommendations for future action on the basis of the analysis.

The study is based on extensive interviews with 37 people on both sides of the purchaser/provider divide. Drawn from five States and Territories, the interviewees included non-government providers, consumers of welfare services and public servants involved in both policy and purchasing roles.

Impacts of competitive tendering

This study has identified three negative impacts of competitive tendering on the clients of social welfare agencies.

Firstly, competitive tendering has tended to reduce collaboration between welfare agencies and the extent of learning by doing which may lead to the loss of specialised physical, as well as intellectual, capital. This is having a detrimental effect on the quality of welfare services.

Secondly, competitive tendering is reducing choice for many clients of welfare agencies and is removing access to welfare services altogether for some clients. The reduction in choice is a consequence of the decline in the number of small agencies. In addition, potential clients are being excluded from services as eligibility criteria are tightened.

Thirdly, competitive tendering as currently practised increases the administrative costs of agencies, thereby reducing the amount of money available for client services. While clients receiving services provided under the tendering arrangements may not be directly affected, as administrative costs continue to rise and administrative efficiencies are exhausted, agencies have less money to spend on service delivery

which inevitably leads to a reduction in the welfare of some clients or potential clients.

The introduction of competitive tendering has reduced the autonomy of service providers. Governments are seeking more control over the services provided by non-government agencies and are using the funds they provide as a way of gaining leverage over the type of services provided. However, this loss of autonomy has had the positive effect of breaking up what some in the sector saw as overly cosy relationships with government.

The effects of competitive tendering have not all been negative. The positive impacts relate mainly to increased levels of accountability and transparency in decision-making. Nevertheless, further improvements in transparency should be made, particularly in terms of what the price paid by government is expected to cover. Consequently, government and non-government organisations need to put more effort into working together to establish realistic unit costs for agreed standards of service.

Rebuilding relationships within the sector

The negative effects of competitive tendering centre on reduced levels of collaboration and information sharing between government and non-government organisations, as well as a reduction in the number of small, community-based organisations. The breakdown in the relationship between government and non-government organisations is caused largely by inappropriate implementation strategies. Government policy statements and guidelines which call for consultation and collaboration between funders, purchasers and providers must be translated into departmental practice. Policy and planning processes are not the sole preserve of funders and purchasers. Service providers and clients of services must also be involved if services are to achieve another common goal – meeting client needs.

Similarly, subcontracting work at a lower price to smaller organisations after they are unsuccessful in a tender process does not reflect the principles of partnership. Collaborative arrangements should be discussed between potential partners before tender bids are submitted.

Respect for the contribution of the non-government sector must be demonstrated in the government's approach to intellectual property. At the very least, joint intellectual property rights should be a standard requirement in all contracts.

Respect must also be demonstrated in the level of control that funders and purchasers try to exert over service providers. While the level of control exercised by the government must satisfy legitimate accountability demands, government departments should not attempt to micro-manage project outputs nor to stifle public comment by service providers.

Finally, in a partnership, the rules apply equally to all players. It is damaging when rules change half-way through a tender process. If it becomes clear that particular arrangements are not viable, all players must be given the chance to re-tender or negotiate new arrangements.

Maintaining diversity within the sector

The second negative impact of competitive tendering has been the reduction in the number of small, community-based organisations. This is of particular concern in rural and regional areas of Australia where the disappearance of local organisations reinforces feelings of community breakdown and alienation from decision-making processes. The disappearance of such organisations is also a concern if choice is affected – choice of provider and choice of service type. Choice was identified by both government and non-government organisations as important in meeting client needs.

The reduction in the number of small, community-based organisations is linked to the increase in administrative costs under a system of competitive tendering. Funding direct service provision and ignoring infrastructure and administrative costs may reduce the amount of money government spends on a particular service, but will eventually weaken service quality and reduce the number of organisations operating in a particular area as small organisations are no longer able to meet the costs of service delivery. Governments should allow a margin for administrative and infrastructure costs to be explicitly included in tenders for the provision of welfare services.

Many small organisations are finding it increasingly difficult to continue operating in an environment characterised by complex financial and legal accountability requirements, and even large organisations are finding it difficult to recruit volunteers to serve on boards and management committees. Governments should provide funding for training programs so that members of boards and management committees are better equipped to fulfil their financial and legal responsibilities.

Government and non-government organisations should fund research into the reasons for the greater adverse impact on small organisations in Commonwealth funded programs so that future tendering exercises, can build on the characteristics of the State funded programs which reduce the deleterious effects on small organisations.

This is not the only area of further research that is required. Non-government organisations need to make clear what it is about small organisations that is valuable in terms of meeting client needs, so that attempts can be made to preserve these characteristics when small organisations merge with larger organisations or form consortium partnerships.

1. Introduction

On 11th April 1995, Commonwealth, State and Territory governments signed three intergovernmental agreements¹ which together form the basis of national competition policy. National competition policy reflects the belief that the best way to achieve increased levels of productivity and innovation (and hence an increased standard of living) is through “the disciplines imposed by effective competition” (NCC, 1997:1). Nothing in the three agreements applies explicitly to the social welfare sector, and the major innovation in the sector, competitive tendering, is not a requirement under the Competition Principles Agreement (NCC, 1997:18). Nevertheless, the idea that competition is the best way to improve performance is shaping developments in the sector.

[T]he ideology of welfare provision being adopted by government is moving away from any concept of citizenship rights towards the belief that markets are the best way of ensuring individual freedom and responsibility (de Carvalho, 1996:62).

Underlying the belief that competition is the best way to achieve increased levels of productivity is the assumption that competition will increase economic efficiency. When economists talk about economic efficiency they are talking about removing or reducing the misallocation of resources. When a reduction in the misallocation of resources leads to the same level of outputs being produced with less inputs, economic efficiency has increased. However, for economists, economic efficiency can also be increased by changing the composition of outputs so that more is produced of what consumers value highly compared to the cost of production and less is produced of what consumers value less highly compared to the cost of production. In some situations, but not all, the assumption that competition increases economic efficiency holds true. However, even when competition does lead to an increase in economic efficiency, competition may also produce undesirable side effects such as increased inequality of income and wealth. Hence the need to balance economic efficiency against other goals of society, the public benefit test.

Precisely because competition may produce undesirable side effects, many in the social welfare sector are uneasy with the idea that competition is the best way to

¹ The Conduct Code Agreement extends the competitive conduct rules of the *Trade Practices Act 1974* to cover unincorporated businesses and State Government Enterprises. In the Competition Principles Agreement, Commonwealth, State and Territory governments agreed to:

- establish independent prices oversight for government business enterprises;
- structural reform of public monopolies;
- a review of legislative restrictions on competition;
- third party access to essential infrastructure facilities; and
- the application of competitive neutrality principles to publicly owned entities.

The third agreement (Agreement to Implement the National Competition Policy and Related Reforms) provides incentives for State and Territory governments to implement competition policy reform within their own jurisdictions. If State and Territory governments meet their reform commitments, the Commonwealth government agreed to maintain annual Financial Assistance Grants to the States and Territories and make a series of quarterly general purpose payments (competition payments) commencing July in 1997.

improve performance, particularly when a change to funding arrangements (that is, the introduction of competitive tendering) is instituted ideologically as an end in itself, rather than as a tool to achieve other objectives such as more choice of service types or increased accountability.

If the sector is to respond positively to the changing environment in which it finds itself, it is necessary to understand what is going on and to move beyond fears of adverse impacts to a point where positive as well as negative effects are recognised and incorporated into strategies for future action. The report of the House of Representatives Standing Committee on Family and Community Affairs inquiry into competitive tendering on welfare service delivery noted that there has been very little reliable research into the impacts of competitive tendering of welfare services (House of Representatives Standing Committee on Family and Community Affairs, 1998:29-30). At the same time, the report fails to address a number of issues of concern to the sector, such as the need to build a working relationship based on strategic partnership which ensures sound public policy, effective planning and equitable resource allocation.

These issues affect institutions in the social welfare sector, but their major importance lies in the implications for the well-being of clients or consumers of welfare services. If they continue unchecked, the negative effects of competitive tendering identified in this study will have an adverse impact on the clients of social welfare agencies in three ways.

Firstly, competitive tendering has tended to reduce collaboration and the extent of learning by doing which may lead to the loss of specialised physical, as well as intellectual, capital. This would obviously have a detrimental effect on the quality of welfare services.

Secondly, competitive tendering is reducing choice for many clients of welfare agencies and is removing access to welfare services altogether for some clients, or potential clients. This reduction in choice is a consequence of the decline in the number of small agencies, and of potential clients being defined out of services as eligibility criteria are tightened. The decline in the number of small agencies has wider implications in rural and regional areas where the disappearance of small local organisations reinforces feelings of community breakdown and alienation from decision-making processes.

Thirdly, as currently practised, competitive tendering increases the administrative costs of agencies, thereby reducing the amount of money available for client services. While clients receiving services provided under the tendering arrangements may not be directly affected, as administrative costs continue to rise and administrative efficiencies are exhausted, agencies will have less money to spend on service delivery which inevitably lead to a reduction in the welfare of some clients or potential clients.

This study builds on the findings of the parliamentary inquiry by:

- comparing anticipated impacts of competitive tendering with actual impacts;

- disentangling the effects of the policy itself from the way it is being implemented and other changes in the policy environment;
- identifying a common set of principles which government and non-government organisations agree can provide a rationale for action and process, that is, why and how competitive tendering should be done; and
- proposing recommendations for future action on the basis of the analysis outlined above.

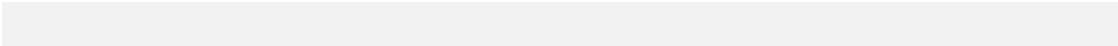
In a study such as this it is important that the voices of those working in the sector, both government and non-government, shape analysis and recommendations. This study will only achieve its aim of stimulating constructive dialogue between service providers and between government and non-government organisations if all of those involved in the sector can identify with the issues raised and translate general recommendations into specific courses of action relevant to their particular situation. Hence the major research method chosen was open-ended interviews with those on both sides of the purchaser/provider divide. Altogether 37 people from five States and Territories were interviewed, including non-government service providers, consumers of welfare services (rural and regional consumers), and bureaucrats involved in policy and purchasing functions.

Before turning to a discussion of anticipated effects, a brief overview of the social welfare sector will place the report in context.

The social welfare sector encompasses welfare and community services provided by more than 11,000 community-based and church-affiliated organisations, government agencies and private-for-profit companies. In terms of expenditure, approximately 55 per cent of services are provided by non-government organisations, 35 per cent by government agencies and 10 per cent by private-for-profit companies (Lyons, 1995:3). Welfare and community services include emergency financial assistance and material support, labour market programs, public and community housing, child protection and substitute care, accommodation and related support, community care and support for independent living, individual and family counselling, youth work, community development and community legal assistance (ACOSS, 1997b:12).

The majority of the 11,000 non-government organisations operating in the sector are small organisations with annual budgets of less than \$100,000 providing a specialised service to groups in the local community (House of Representatives Standing Committee on Family and Community Affairs, 1998:17). The smaller number of medium and large organisations tend to provide a range of services in different geographic locations (ACOSS, 1997b: 15). On average, community-based and church-affiliated organisations receive approximately 50 per cent of their revenue from government through grants or some form of purchasing arrangements. They raise 30 per cent of their revenue themselves through fundraising, investments or business ventures, with the remaining 20 per cent coming from user fees (Lyons, 1995:4).

Over the last five years, Commonwealth, State and Territory governments have introduced a system of competitive tendering to fund the delivery of social welfare services. To date, competitive tendering has mainly been used when services are expanded or new services introduced, so that a mixture of funding models are in use (ACOSS, 1997b:17). However, the application of competitive tendering varies enormously from jurisdiction to jurisdiction and across the different parts of the sector. For example, in the ACT, only 8 per cent of services were let through competitive tender in 1997/98 (Johnston, 1999:12), whereas in Western Australia, funding for all services are determined by some form of expression of interest tendering (Carter, 1998). In South Australia, competitive tendering has affected the child/family and youth sector more than the disability or aged care sector (Whitehorn, 1998), whereas in Victoria in 1995/96, competitive tendering was most significant in the purchase of aged care services, then disability services and then youth and community services (Department of Human Services, 1998:7). This variability makes it difficult to generalise about competitive tendering and its impact on the sector. Nevertheless, certain trends are emerging, as this study reveals.



2. Anticipated impacts

2.1 The development of competitive tendering

Four years ago, reflecting on the ways in which current reforms, such as national competition policy, were likely to impact on the social welfare sector, Mark Lyons identified five stages in the way governments have funded social welfare services (Lyons, 1995:18-22). Traditionally, governments provided funds to particular organisations to support their work. Under this “government as philanthropist” model grants received by organisations were relatively untied and little formal reporting was required. The next stage in funding occurred when governments gave grants, not just to support the overall work of an organisation, but to support a specific program or service. Governments specified the particular areas or programs they were interested in funding and organisations prepared submissions which set out how they proposed to use the money. While some form of evaluation is often required, under this “submission model” reporting requirements are not particularly demanding. What Lyons sees as the next stage in the development of the funding relationship is the “planning model” where government, on its own or together with representatives of service provider and consumer organisations, identify levels of need in particular areas and fund services or programs on the basis of identified need. The “needs-based planning model” differs from the submission model in terms of the potential for collaboration and the more demanding reporting requirements.

The fourth stage is the “competitive tender model” where government determines the services that are needed and invites organisations interested in providing those services to submit tenders. A contract for a specific period of time is then negotiated with the successful tenderer. Reporting requirements are usually more demanding than in the previous models even though, in theory, all government has to do is monitor outputs. Under the competitive tender model, determination of need may be done with representatives of consumers on whose behalf the government is purchasing the services, but not with representatives of service providers as it is thought that this will give the organisations participating in the planning exercise an unfair competitive advantage.

What Lyons sees as the final stage in the development of funding is the “quasi-voucher model” where government funds particular groups of consumers so that those consumers can then purchase the necessary services.

A similar sequence of funding models has been identified in New Zealand by Garth Nowland-Foreman (1997:7) who also notes that “each of these stages, at least to some extent, also has the seeds of the next stage already embedded in it” (Nowland-Foreman, 1997:8). Once government began to fund services on the basis of identified need, it isn’t such a big step for government to also identify how those needs should be met; in other words, define service types. Having defined service types, “a tender specification is virtually written” (Nowland-Foreman, 1997:8).

Charting changes in the funding relationship between government and service providers is important because changes in institutional arrangements, such as the way

organisations are funded, have implications for service outcomes and hence for the clients or consumers of services. According to both Lyons (1995:19-28) and Nowland-Foreman (1997:9-10), the move from grants based systems to a system of competitive tendering will result in:

- a loss of autonomy on the part of service providers;
- reduced collaboration and learning between government and service providers as more weight is given to funder determined priorities and initiatives;
- reduced choice and diversity; and
- increasing administrative costs for service providers.

Furthermore Lyons (1995:24) predicted that larger organisations would be better able to survive in an environment where funds are provided through competitive tenders and “the calling for selection and letting of contracts will be badly handled for the first 4-5 years”.

Those working in the sector have expressed similar concerns about the potential impact of changes to funding arrangements.

2.2 Loss of autonomy

Increasing control by government (and a corresponding decrease in levels of autonomy) are often linked to more specific service requirements. Service provider organisations are sceptical of the rhetoric of choice and responsiveness which surrounds the competitive tendering model, seeing contracts as being dependent on the “rigid specification of funding requirements and greater control over voluntary organisations” (Association of Children’s Welfare Agencies, 1997:217). Contracting is seen as being based on government priorities and specifications which may change the nature of the services provided by an organisation, with service providers becoming little more than “agents of government” (ACOSS, 1997b:28). Clients or consumers of services will be affected if service types and performance outcomes are more narrowly defined. “Precise specifications of tenders means that there are more clients who do not fit guidelines” (DONCARE cited in People Together Project, 1998:302), and are thus denied access to services.

For service providers, loss of autonomy implies a lessening of government support for, or tolerance of, the advocacy role (Australian Association of Social Workers, 1997:29). Many organisations “fear reprisal if they advocate reform, express views that contradict official accounts, or advocate for individual clients” (People Together Project, 1998:308). Organisations see confidentiality clauses in funding and service agreements which require all information about departmental policies be kept confidential, as an attempt by government to divert autonomous community or church-based organisations from pursuing their historical mission to work for social justice through advocacy and public debate (Australian Catholic Social Welfare Commission & Anglicare Australia, 1997:189; People Together Project, 1998:08).

2.3 Reduced collaboration and learning

NGOs generally see themselves as acting in the public interest. Competitive tendering demands greater subservience to central control. Most NGOs do not see their role as solely passive agents delivering the policies of executive government; rather they wish to be informed participants in the development of social policies (Brotherhood of St Laurence, cited in People Together project, 1998:307).

This quote from the Brotherhood of St Laurence highlights the other reason why service providers are critical of the contracting relationship which leaves them as little more than “agents of government”. Service providers believe they have knowledge and experience which should be utilised when developing new policy directions or programs. In the past, service providers saw themselves as active participants in the policy process. However, academics advocating micro-economic reform generally regard groups which produce a good or a service as “vested interests” which should be excluded from the policy process. While consumers are recognised as a legitimate interest, the interests of consumers are best protected by competition rather than consultation (Quiggin, 1998:1059). Thus service providers are concerned that contracting and tendering will undermine their previously collaborative relationship with government (Community Services Australia, 1997:48).

Agencies which once shared in the planning and the policy development are no longer consulted. Government now calls the shots. The assumption is that only the funding body can and should define client and community need (People Together Project, 1998:307).

The breakdown of collaborative working relationships and increasing tension between government and community organisations is linked to the loss of control over service delivery arrangements and the withdrawal of support for advocacy functions (ACOSS, 1997a:260). Service providers feel their capacity to inform government decision-makers about service need is being reduced at the same time as governments increasingly see service providers as self-interested and therefore unreliable.

One major community service purchasing agency advised representatives of NGOs recently that [the service purchasing agency] could not consult consumers anymore than they could consult NGO providers, because neither of these groups could be expected to tell the truth (Australian Association of Social Workers, 1997:35).

Community and consumer organisations believe that a reluctance to consult those with direct experience of service provision reduces government’s ability to make appropriate decisions about client need and the type of services which will best meet those needs (ACOSS, 1997b:29; Australian Association of Social Workers, 1997:36). Even when planning of service type is left in the hands of community organisations, in a climate of reduced autonomy, service providers are concerned about a loss of intellectual property.

We are concerned that the expertise and knowledge may be used by Governments and bureaucrats to the detriment of The Salvation Army and our clients. The intellectual property right of an organisation must be accepted and protected (Salvation Army, 1997:233).

Further disincentives to innovative program design exist under a system of competitive tendering in that agencies which develop a model for a new type of service may not necessarily be successful when that particular service is put out to tender. For example, in their submission to the House of Representatives inquiry into the competitive tendering of welfare service delivery, the Australian Association of Social Workers note that:

[f]ollowing a change of government and the introduction of the new [compulsory competitive tendering] CCT policy, the proposal was put out to tender and the very agencies that collaboratively put the proposal together were in a position of competing for the work. The government agency argued that the model was now theirs (the question of intellectual copyright emerged but could not be dealt with by small non government agencies, which were all reluctant to take action against a government agency which was a major provider of funds for non government services). The outcomes was that an agency that was not part of the original proposal won the tender despite not having the expertise in the development of the model of care for the highly vulnerable population involved (Australian Association of Social Workers, 1997:36).

The example cited above points to another concern of service providers; namely, that competitive tendering will damage communication and information flows between provider agencies which is seen as essential to the delivery of high quality services (Brotherhood of St Laurence, 1995:4; People Together Project, 1998:306; ACOSS, 1997b:28; Salvation Army, 1997:233).

In a highly competitive environment there is no incentive to share information with other providers about best practice (Australian Catholic Social Welfare Commission & Anglicare Australia, 1997:183).

Contracting out can be divisive. Organisations that previously held loose coalitions and cooperative support networks are afraid to reveal their plans and alliances lest the knowledge be used to support another's bid for services (People Together Project, 1998:304).

In an environment where service providers are focused on maximising their market share rather than working with other agencies to maximise outcomes for consumers of services, innovative ideas about how to deliver services will no longer be shared across the sector (Community Services Australia, 1997:55) and the co-ordination of services, which is particularly important in regional areas, is likely to be adversely affected (South West Network of Home and Community Care Coordinators, 1997:405).

2.4 Reduced choice and diversity

The third implication of a move to a system of competitive tendering identified by Nowland-Foreman and Lyons was reduced choice and diversity. Organisations operating in the less populous States and Territories question whether it is economically feasible to contract out welfare services and maintain any level of consumer choice (Northern Territory Association for Mental Health, 1997:364). Small populations may mean that (at best) only one organisation would be able to fund the necessary infrastructure and services, or (at worst), services in rural and remote areas would disappear altogether (Northern Territory Association for Mental Health, 1997: 363). Agencies based outside major population centres fear that they will be forced out by larger national organisations with subsequent loss of local community ownership and identification (Mid North Coast Regional Council for Social Development, 1998:1103).

Agencies operating in metropolitan and more populous regional areas are concerned that choice and diversity are at risk as larger organisations survive at the expense of smaller organisations (People Together Project, 1998:304 & 305; Sane Australia, 1997: 310).

The effects on smaller HACC services resulting from the Competitive Tendering process are of great concern to our members...Smaller agencies will not have scope in their budgets and time resources to carry out the necessary work required for tendering...The likelihood is that smaller services simply will not survive the process (South West Network of Home and Community Care Coordinators, 1997:405).

Some organisations believe that a reduction in the number of agencies providing services is more than an unintended consequence of changes to funding arrangements.

The preference seems to be for larger, more general organisations to absorb smaller ones (Domestic Violence and Incest Resource Centre cited in People Together Project, 1998:305).

[T]he process of tendering...is...designed to integrate and decrease the number of providers (Palliative Care Victoria cited in People Together Project, 1998:305).

Maintaining a diverse range of service providers is seen as being necessary for effective service delivery. Small organisations are thought to be less bureaucratic and more in touch with community issues (People Together Project, 1998:305).

A monoculture of a limited number of large organisations will return the Victorian welfare system to a form of institutionalisation, counter productive to all social objectives (Mackillop Family Services cited in People Together Project, 1998:305).

2.5 Increased administrative costs

The amount of time required to respond to detailed tender documents is usually cited as the reason why many small organisations would not survive under a system of competitive tendering. “Larger organisations have a significant competitive edge in a process which is resource intensive, sophisticated and rushed” (Berry Street cited in People Together Project, 1998:306). In a letter to their State Advisory Committee commenting on the likely impact of tendering for HACC services, Neighbour Aid services (an organisation which provides HACC services in the Hunter region of NSW) noted that they

would find the tendering process particularly difficult as our projects are small and cost effective with 1 or 2 paid staff and a volunteer workforce. We do not have the infrastructure to easily participate in the tendering process (Hunter Neighbour Aid Forum, 1996).

Increased administrative costs are not just a problem for small organisations. Organisations in Victoria estimate that the costs involved in tender preparation range from \$10,000 to \$20,000 (People Together Project, 1998:303). Furthermore, if agencies are unsuccessful in a tender process, they may face additional costs in the form of redundancy payments if they cannot redeploy staff (Salvation Army, 1997:235).

Increased reporting requirements also raise administrative costs. As administrative costs rise there is less money available for direct service provision (ACOSS, 1997b:28).

There is a great deal of concern amongst workers and managers about the amount and the standard of standard setting and monitoring. There is no question about the sector’s commitment to performance standards and monitoring, but members report that they are often spending more time collecting information and doing paperwork than in service provision (Australian Association of Social Workers, 1997:31).

Service quality is also seen to be at risk if the tender process is biased towards “lowest cost” bids, particularly in areas such as child welfare where monitoring of service standards is extremely difficult and consumers of services are not in a position to move if they are dissatisfied with the services on offer (Barnardos Australia, 1997:300-301).

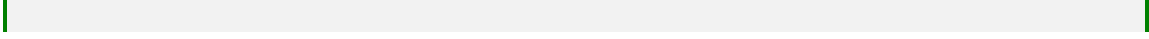
One of the advantages for government in using non-government agencies to deliver welfare services is the lower cost of service delivery because of the use of volunteers. Service providers also value the contribution of volunteers, but are concerned that under a system of competitive tendering, volunteers may be discouraged from offering their services.

Volunteers are increasingly asked to make up for loss of government funding. They are becoming disenchanted, believing that Government consider their contributions as 'cheap labour'. They resent 'being used' (People Together Project, 1998:306).

As local organisations disappear, or are taken over by larger metropolitan organisations, it may become increasingly difficult to recruit volunteers (Mid North Coast Regional Council for Social Development, 1998:1103).

Contracting arrangements raise concerns about increased levels of liability which may eventually threaten the volunteer management structure which, to date, has characterised the social welfare sector.

It is reported that it is much harder in the current climate to recruit members for management committees. Some community based management committees, in particular, are choosing to either close down agencies or amalgamate with large church auspiced ones as the uncertainty about winning tenders for currently funded services leaves them potentially liable for breach of contract with consumers and employees (Australian Association of Social Workers, 1997: 30).



3. Actual impacts

Given the high level of anxiety within the sector about how changes to funding arrangements will affect their agency, the work that they do, their relationship with government and with other agencies, it is pertinent to look at what is actually happening. Are the concerns of service providers justified? Are the impacts all negative, or have the changes to funding arrangements also brought some positive outcomes?

3.1 Loss of autonomy

Interviews with service providers across Australia reveal that there has been a shift in the balance of power between government and non-government organisations over the last five years (Morgain, 1999; Richards, 1998; Schrapel, 1998). As evidence of this shift, non-government organisations point to contract conditions (such as those relating to ownership of assets on the part of government, or retention of surpluses by government) which impinge on the legal structure of the organisation and its autonomy (Morgain, 1999). Service providers see a struggle for control in which contracts are used as a way of asserting and maintaining control (Herbert, 1999). At the same time, non-government organisations recognise that this struggle for control has been (in part) fuelled by the perception of overly cosy relationships with government in some areas (Leveratt, 1998a). The breaking up of those overly cosy relationships is seen (at least by those organisations not involved) as beneficial (Prosser, 1998; Gardiner, 1999; WACOSS, 1998:2).

Non-government organisations also acknowledge government's legitimate accountability responsibilities which implies some degree of control (Morgain, 1999). What service providers object to is when governments are seen to be delving into things which are none of their business (Longley, 1999), or imposing conditions which cut across what service providers see as their central mission. For example, in Western Australia, the Department of Family and Children's Services wanted direct access to all of Anglicare WA's financial records in spite of the fact that funding from Family and Children's Services constituted only 18 per cent of Anglicare WA's budget (Carter, 1998)².

Service providers find restrictions on public comment objectionable because it cuts across what they see as their advocacy role. However, as in the previous example, if an organisation is large enough and determined enough to pursue the matter, governments can be persuaded to change their mind. For example, under one of the clauses in a draft contract covering a tenancy service in NSW, agencies receiving funds under the contract were not able to comment publicly about the service without first informing the Department. Service providers objected, but it was only after the Uniting Church representative indicated that there was no way the Uniting Church would be bound in its public statements by such a clause that the clause was removed from the contract (Herbert, 1999).

² Anglicare was unwilling to agree to this condition and the matter was eventually resolved through negotiation (Carter, 1998).

Lyons and Nowland-Foreman argued that loss of control by service providers is inherent in the progression from grants based models of funding to competitive tendering as governments increasingly become more involved in the identification of need and then service types. The experience of service providers confirms the Lyons/Nowland-Foreman hypothesis. Governments are seeking more control over the services provided and are using the money it provides as a way of gaining leverage over the type of services provided (Richards, 1998). For example, the CEO of Adelaide Central Mission was told by a government department, planning to put a new service out to tender, that one of the criteria which would be used to determine success or failure was how much of its own money the organisation was willing to put into the service (Richards, 1998).

Other organisations believe putting their own money into a service provides some measure of protection against governments which are becoming increasingly prescriptive in relation to services provided. For example, Anglicare NSW has a policy of not entering into funding contracts in which the government covers 100 per cent of the cost of the service in order to avoid becoming an arm of government and being directed to do things in a certain way (Gardiner, 1999).

The fact that governments are becoming increasingly more specific about service requirements affects clients or consumers of services as well as service providers because eligible activities in program guidelines are narrowed (Moore, 1999). In NSW, State government departments have moved to a much tighter process of strategic planning over the last few years with the result that expressions of interest for funding that do not fit within government planning parameters are unlikely to be accepted (Gardiner, 1999).

Shawn Boyle (Executive Director, WACOSS) sees the same thing happening in Western Australia - if a proposed service does not fit within government guidelines it will not be funded. For example, an organisation would probably be able to obtain funding for a new service in parenting because this is currently a government priority, but existing services in the area of family support, or neighbourhood houses, which are looking to expand to meet demand, have no hope of obtaining additional funds (Boyle, 1998). Similarly, in the area of youth services, local youth initiatives have established committees and networks of volunteers, but are unable to progress to the next stage and employ a paid worker because (in part) it is not a government priority (Boyle, 1998).

Others in the sector see opportunities for funding even where governments are becoming more prescriptive. Because funds are not automatically flowing to the larger organisations, there are opportunities for other organisations to receive funds provided they can link their proposal to current government priorities (Tito, 1999; Bound, 1998). Others see funds being available for pilot projects, but not for expansion of existing services or funding which would enable pilot projects to be incorporated into mainstream service provision (Moore, 1999). With governments becoming increasingly focused on outputs, activities not directly related to service provision, such as research evaluating the effectiveness of a pilot project, are also unlikely to receive government support (Richards, 1998).

As eligibility criteria tighten, potential clients are defined out of services. For example in the area of homelessness, Adelaide City Council has a needs level descriptor which ranges from “those most in need”, through categories of “very high need” and “high need” to “need” (Fraser, 1998). The drift towards more targeted services does not present problems for agencies such as the Brotherhood of St Laurence whose mission is to high need clients (Siemon, 1998), but it can cause problems for other agencies who are forced to deny services to those in need - in the example cited above, even those in the lowest category of need are homeless.

[A]ll we are doing is increasing the level of people in need who get access to services and you can't do anything about the people who are in that third category and who are in need, and if you did something for them, may not end up in the highest level of need category (Yates, 1998).

Eligibility criteria can also be tightened by making the type of problem dealt with under a certain program more specific. For example, Anglicare SA was involved in a gambling rehabilitation program which dealt exclusively with poker machine addicts. When people with other types of gambling addictions came forward seeking help, Anglicare SA had to decide whether to provide services for those people who had a need but did not fall within government guidelines (Menses, 1998). In other words, Anglicare SA faced the ethical dilemma of failing to fulfil their mission if they turned away addicts with other types of gambling addictions, or failing to fulfil their contract with the government if they did offer assistance (Menses, 1998)³.

Thus, for many consumers of services, choice is diminishing (Fraser, 1998). While there are a greater range of service models operating, because of cutbacks in government funding, a much narrower band of people are having their needs met (Tito, 1999). If you fall within tight eligibility criteria, you may well have greater choice, but if you do not meet eligibility criteria, “there is not even a question of choice anymore, there are not services there...People have to get to a crisis point before they can access services” (Tito, 1999).

The previous section noted how loss of autonomy implies a lessening of support for, or tolerance of, the advocacy role. Has this happened? Generally governments have continued to support peak organisations, but, at the same time, the relationship between government and organisations which take on an advocacy role has become increasingly strained. There is a distrust among Commonwealth and State Liberal/National Party governments of collective interests (Morgain, 1999), which translates into a greater intolerance of criticism. In this sort of environment, the threat of competition (putting a service out to tender) can be used to silence opposition. Pressure can be applied indirectly. For example, after ACOSS came out against the Commonwealth Government's position in the tax debate, the comment was made, “don't think you are the only organisation that can speak for the welfare sector” (Tito, 1999). Pressure can also be applied directly through the withdrawal of funding. For example, about three years ago, WACOSS and a number of other peak organisations

³ The organisation decided to offer assistance and then lobbied the government for a change in policy which would allow them to offer overt assistance (Menses, 1998).

in Western Australia were totally defunded. The Minister responsible for Family and Children's Services did not like dealing with peak bodies and felt it was a waste of money funding organisations that were going to "bite you in the back" (Boyle, 1998)⁴. Eventually funding was restored by the Premier after the sector ran a political campaign designed to embarrass the government (Boyle, 1998). However, even in this generally hostile environment, not all peak bodies were defunded. Peak bodies in other areas, such as disability services, continued to receive funding, and in the mental health area, the government was actually encouraging the formation of peak bodies (Boyle, 1998).

3.2 Reduced collaboration and learning

In a sector facing significant change, those involved in peak bodies believe organisations representing a range of service providers can play a useful role in helping agencies explore ways in which they can establish collaborative working relationships while still retaining organisational autonomy (Boyle, 1998). Peak bodies can also help maintain a policy dialogue with government in an environment where individual service providers are shut out of the policy process (Moore, 1999). This latter development was widely anticipated by non-government agencies. In talking with non-government agencies across Australia it is clear that their concerns are being realised. Service provider agencies are no longer being consulted to the same extent as before. In effect, they are no longer part of the policy community. Government agencies feel that in an environment where services are being put out to tender, it is not appropriate to talk with service providers (Carter, 1998; Gardiner, 1999; Menses, 1998; Schrapel, 1998; Morgain, 1999).

Another issue is the freezing out from policy and priority settings. What I perceive is an interpretation of probity and all these new rules as meaning you don't talk to non-government [agencies]. So we have been frozen out and basically seen as players in the market to bid for services rather than partners in developing services. While...the pre-CTC days were not necessarily all that crash hot...there was a greater potential to work with government (Boyle, 1998).

[W]ith the purchaser/provider sort of stuff increasing...what used to be a relationship where funded agencies provided some input into policy and into directions of programs, that's starting to be lost because there is this view from some funders that we've got a conflict of interest and we can't talk to service provider agencies (Moore, 1999).

While a clear trend is emerging, there are exceptions. John Wilson (CEO, Anglicare Victoria) believes large organisations still have an opportunity to provide input into the debate about service types and outcomes (Wilson, 1998). In the ACT, while some service providers report that the government no longer talks to them, certain providers, such as doctors, have retained their position within the policy community (Tito, 1999).

⁴ The previous State Labor Government also did not like being criticized, but tolerated peak bodies because "enough of the Party would be mortified if you defunded them" (Boyle, 1998).

But what difference does it make if service providers are, by and large, excluded from the policy process? Service providers claim that the degree of sophistication required to design community programs does not exist within the bureaucracy (Richards, 1998) and point to the fact that as services previously provided by government are put out to tender, State governments are now less involved in direct service provision (Schrapel, 1998) and the interchange of staff between the public service and service provider organisations has decreased (Leveratt, 1998a).

Ian Carter (CEO, Anglicare WA) cites his experience with the development of a new holding assessment place for young children at severe risk as an example of the need for a more collaborative approach to policy and program development. The WA Department of Family and Children's Services held a briefing⁵ for those in the non-government sector who work with children at risk. Plans for the new facility were well advanced, but even the physical design of the building was inadequate. No place had been set aside for parents and close friends to come and visit the children and there were no medical facilities, despite the fact that most of the children using the facility would have substance abuse and other problems.

[A] doctor [who worked] at the Princess Margaret Hospital in the area of adolescent care said... "what happens if one of these kids collapses in their room? What are you going to do, other than ring an ambulance?" (Carter, 1998).

Competitive tendering may also inhibit the development of innovative service design if agencies believe they have inadequate control over their intellectual property. While Stephen Richards (CEO, Adelaide Central Mission) believes agencies are still committed to developing innovative services, he is highly critical of the government's approach to intellectual property, which gives the government control over any intellectual property the agency has developed in putting together a tender (Richards, 1998). Rhonda Stien (CEO, Burnside) echoes Richards' concern with the Commonwealth Government's position on intellectual property.

We believe if we are using our staff and a lot of our expertise etc to develop something, we believe we have certain intellectual property rights. But [the Commonwealth Government] would say, "no, if we fund you, it is our intellectual property". At an absolute minimum you should have joint intellectual property (Stien, 1999)

Service providers are concerned that if they come up with an innovative approach, the government will appropriate the idea and put it out to tender (Carter, 1998). For example, in NSW, the government identified a gap in the substitute care system for children with disabilities. The relevant government department therefore decided to seek expressions of interest for models of how such a service might be provided. Organisations with expertise in this area were told that once the model was developed, there would be a small pilot project, and then the whole program would be put out to

⁵ Use of the word "briefing" reveals the Department's attitude towards the meeting; that is, the Department saw it as a one-way process (Carter, 1998).

tender, with no guarantees that the organisation which developed the model in the first place would be successful in the tender process (Gardiner, 1999).

This is the first time that something like that has actually been done, where a department has said, “we don’t know what to do, you’re the experts, we’ll invite you to give us some ideas, and then if we think one of them is a goer, we are then obliged to put it out to tender”, so the successful organisation could be left out in the cold (Gardiner, 1999).

In Western Australia, local domestic violence committees were similarly concerned when they were told that now they had established themselves (at the instigation of the government), they had to tender for funds to implement a local domestic violence service (Boyle, 1998).

Some of the committees got angry at this. They had developed the initiatives, they had developed the plans, and a specialist agency like Relationships Australia then might come in and run that service (Boyle, 1998).

The introduction of competitive tendering was widely expected to damage communication flows and information sharing between non-government agencies. In this area, as with communication between service providers and government, expectations have been generally fulfilled. Agencies are now more reluctant to share information with potential competitors (Tito, 1999). For example, in her evaluation of the HACC case management program in the ACT, Tito saw this reluctance to share information manifest itself in people’s desire to take on a case management role so that they can “own the person and they can refer them to services that are within their financial control. You didn’t see that quite so much beforehand” (Tito, 1999). Shawn Boyle (Executive Director, WACOSS) believes a level of mistrust has developed between agencies in Western Australia, particularly those involved in federally funded programs which have been put out to tender, with the result that agencies do not share information anymore (Boyle, 1998). Gary Moore (Executive Director, NCOSS) agrees that a lack of co-operation is clearly evident among agencies involved in federally funded programs such as Job Network (Moore, 1999). Smaller agencies are increasingly suspicious of larger agencies, particularly when larger agencies move into new areas (Moore, 1999).

A similar story emerges in Victoria where Graeme Bound (Chief Executive, St Laurence Community Services) observed a change from what had once been a fairly co-operative network arrangement when services were first put out to tender.

It was quite noticeable...certainly here in the Barwon region, that you saw a withdrawing of the sort of co-operation where you could talk freely...you could see that sort of problem solving almost disappearing (Bound, 1998).

In South Australia, relationships between non-government organisations are also in a state of flux.

There is an immense tension between the collaborative spirit which used to exist in this field and the thought that “if I share this idea and Adelaide Central Mission picks it up...then they might win, which means I might lose and I have to sack my staff”. I have these sort of conversations that bluntly with people. It is not out of any spite, it is just a sense of this is the way we are going (Richards, 1998).

The failure of agencies to share innovative ideas about service design may affect service outcomes. For example, when South Australia tendered out its alternate care program (the biggest program ever to be put out to tender in the State) “everybody stopped talking to one another, community agencies stopped sharing information” (Menses, 1998), which had the effect of undermining alternate care in South Australia. With one organisation providing the service (where previously there had been eight or nine providers in each area), the possibility of dynamic interchange between different service providers was gone (Menses, 1998). Furthermore, the price was cut back to such an extent that research into program design was no longer possible (Menses, 1998).

Ian Yates (Executive Director, Council on the Ageing) believes the degree of collaborative learning and exchange within the sector has diminished enormously, particularly between the larger players, but also, as a spin-off from that, between the smaller players.

The mood has changed...Some people say “you are not allowed to do this or that, it is illegal” and the general mood is that you have to watch over your shoulder because of competition. We were always in competition, even in the grant days we were in competition for grants, but now it is much more blatant (Yates, 1998).

While agencies are increasingly reluctant to share information, tender requirements may actually prohibit agencies from sharing information. This was the case in NSW with certain residential programs where the tender documents clearly stated that organisations submitting tenders were not permitted to discuss the details of their bid with any other agency (Gardiner, 1999). This requirement provoked considerable resentment within the sector and “there was plenty of quiet discussion that went on that was illegal” (Gardiner, 1999). Peter Gardiner (General Manager, Anglicare NSW) believes the new funding framework has legitimised some agencies’ desire not to share information, but those who are more cynical about the whole process and who value collaboration and the benefits it brings, still share information (Gardiner, 1999). For example, in NSW, all aged care providers still share information and have fairly open discussions about financial matters (Herbert, 1999). Jim Longley (CEO, Anglican Retirement Villages Sydney) agrees, pointing to the fact that, at the moment, his organisation is collaborating quite closely with the Baptists and the Uniting Church because the three CEOs share a similar strategic outlook on what is happening, where things are going and what needs to be done and believe that the benefits of collaboration far outweigh potential costs (Longley, 1999). Rhonda Stien (CEO Burnside) has observed that, at times, agencies are brought closer together as the external environment becomes increasingly difficult. When the NSW Government

contracted out part of its substitute care program (high intensity units for young people),

because the experience was so bad...the agencies actually came together. There was a stronger sense, more than any other time I can remember, of camaraderie, preparedness to share information (Stien, 1999).

Apart from this specific case, Burnside has entered into collaborative tendering arrangements with organisations with complementary areas of expertise (Stien, 1999).

Service providers acknowledge that competition existed in the sector prior to the introduction of competitive tendering; the debate is whether competitive tendering has exacerbated inter-agency rivalries with a subsequent decrease in information sharing and collaborative behaviour, or, as John Wilson (CEO Anglicare Victoria) believes, whether competitive tendering has simply changed the way in which inter-agency rivalries are manifest (Wilson, 1998). Some in the sector believe that competitive tendering *per se* is not responsible for any decrease in collaboration and information sharing - the underlying cause is resource scarcity (Morgain, 1999).

There has always been competition in the sector, so you shouldn't get too romantic about the good old days...Certainly sometimes there was more collaboration. In an era of growth, everyone was getting a little bit more of the pie. What you are seeing is not so much the government radically changing things, because in the past people competed for grants. What has changed is that fact that the pie is no longer growing (Siemon, 1998).

3.3 Reduced choice and diversity

As noted in the introductory section, the social welfare sector in Australia is made up of a diverse range of organisations. At one end of the spectrum there are very small scale organisations, often with less than one worker, whose work centres around facilitating mutual self-help support groups. At the other end, there are very large organisations with hundreds of staff operating over a wide geographic area. While the vast majority of organisations are State-based, national networks are beginning to emerge. For example, the Smith Family, historically an eastern States organisation, is beginning to establish a presence in South Australia (Richards, 1998). It is the smaller end of the sector which is seen as the most vulnerable (Morgain, 1999; Carter, 1998). A system of competitive tendering is thought to favour large organisations which have the expertise and capacity to respond to complex tender documentation without putting at risk service delivery functions.

There is evidence that large organisations have prospered since the introduction of competitive tendering. "Contracting is favouring the large organisations, there is no doubt about it" (Whitehorn, 1998). For example, when Ian Carter took over as CEO, Anglicare WA was a well-regarded, medium sized agency with an annual turn-over of approximately \$2.7 million. Over the next three years the organisation tripled in size, with annual turn-over now approximately \$8 million (Carter, 1998).

I used to be a Director in the State public service so I know...the way you need to configure things. I've got a good management team...and we write good tenders...Things start to spiral then and you get these economies of scale, linkages of service capacity which tend to clearly support your argument and your case (Carter, 1998).

Large organisations are growing larger, not only through winning tenders, but also through mergers with smaller organisations. Over the last three years, Anglicare WA has taken over two or three organisations which felt they could no longer continue operating independently (Carter, 1998). Often these smaller organisations are community based, with no large institutional backers such as a church or a Rotary Club to provide some sense of continuity and consistency in terms of what the organisation can achieve (Carter, 1998). For example, a youth agency called Step One (which at one stage had an annual turn-over of approximately \$1 million) had no institutional support base, was finding it hard to recruit people to serve on its management committees, and with funds cut by almost 50 per cent, approached Anglicare WA about the possibility of Anglicare absorbing it (Carter, 1998).

There are lots of other small agencies which likewise have gone down. Either they have been closed by a State government agency, either explicitly or implicitly, because they simply weren't coping, or the agencies themselves said, "we can't do this any longer" (Carter, 1998).

Similarly in NSW, over the last four years, Anglicare NSW has absorbed four small community based organisations whose work was compatible with Anglicare's mission and strategic direction (Gardiner, 1999). Once provided with the infrastructure support available within a larger organisation, all four agencies have prospered (Gardiner, 1999).

As well as merging with larger organisations, some small to medium sized agencies are forming consortium partnerships with like-minded organisations, as happened in the Barwon region of Victoria where six agencies got together to form a consortium partnership (Bound, 1998)⁶.

As an organisation you mightn't be able to stand alone, but as a partnership you might be able to survive. And [our consortium is] in the position at the moment where...two or three other small organisations have come to us, because we're a reasonable size - we've got a budget of around \$12 million a year - to see whether or not it's possible for them to merge with us and come in under our umbrella (Bound, 1998).

Service providers believe that government prefers to deal with large organisations (Richards, 1998) and requiring very sophisticated tenders is one way of forcing the smaller agencies which can no longer play the game to drop out (Gardiner, 1999). In the case of HACC growth money in NSW

⁶ Some service providers see the amalgamation of small, like-minded organisations as one of the benefits of competitive tendering (Herbert, 1999).

the Department has been quite blatant saying, “we prefer consortium bids to deliver us things across the region” (Moore, 1999).

Small organisations are being squeezed out of the sector because of competition from large government agencies as well as non-government organisations. For example, in the Barwon region of Victoria (which extends from Geelong to Colac), the recent amalgamation of the Geelong Hospital, the Grace McAller Centre (the major rehabilitation service in the Barwon region) and three community health services to form Barwon Health has created a very large organisation with an annual budget of approximately \$150 million (Bound, 1998). Already there are examples of small organisations, such as the Hospice organisation, which no longer exist as services are put out to tender and the tender is won by Barwon Health (Bound, 1998).

In the ACT, a small-scale, largely volunteer based organisation called Leapfrog lost a tender to ACT Community Care and, not having sufficient funds to continue operating, closed down. Ironically, the government agency which won the tender had intended to subcontract the service provision to Leapfrog (Morgain, 1999). The process of larger agencies subcontracting work after winning a tender occurred when employment services were put out to tender. For the local organisations which lost out in the tendering process, it was a real “kick in the guts” when large national organisations turned to the community agencies and said, “would you like to subcontract to do the work for us at a lesser cost?” (Boyle, 1998). This was particularly true of local organisations in rural areas which resented metropolitan agencies with no links to the local community “taking over” services previously provided by the local organisations (Boyle, 1998).

However, small organisations are not always disadvantaged in the tender process (Pichel-Smaczny, 1998; Stien, 1999). Shawn Boyle (Executive Director, WACOSS) believes many smaller organisations have coped reasonably well, but draws a distinction between State funded and federally funded programs, with federally funded programs like Job Network clearly favouring large organisations (Boyle, 1998). For example, in the Bunbury region of Western Australia, “none of the local Skillshares survived and Mission Australia and the Salvos came in and set up branches” (Boyle, 1998). Similar effects were evident with Job Network programs in NSW and Victoria (Moore, 1999; Gardiner, 1999; Bound, 1998).

The displacement of small, local organisations in rural and regional areas by larger State or national organisations was anticipated as a consequence of competitive tendering. The Job Network experience indicates that those fears were not unfounded. In NSW, “Sydney-based organisations are taking over here, there and everywhere” (Herbert, 1999). For example, large agencies such as Barnardos and Burnside are taking over local family support services in a number of rural areas of NSW (Moore, 1999). In this case, unlike the Job Network experience in the Bunbury region of Western Australia where local agencies were upset at being displaced by larger metropolitan-based agencies, Burnside was approached, particularly on the mid-north coast, to tender for services that were going out of existence or where the local communities no longer wanted to run the service (Stien, 1999). A similar situation occurred in Albany, Western Australia, where the committee running the Great

Southern Women's Shelter fell apart. The Department of Family and Children's Services put the service out to tender, which was won by Anglicare WA.

Albany Women's Shelter...could have been a women's refuge based in Albany and run from Perth. But it is not. I was giving a talk at a Youth Affairs conference...and I mentioned the Albany women's refuge...When I opened it up for questions, this women said, "I'm a feminist and I do want to say that I have major problems with a Perth-based, male-dominated, church-based, hierarchical organisation running a women's refuge in Albany". I was about to answer when three women sitting over the other side of the room said, "we're from Albany and we would like to make a comment on that...Anglicare taking over the women's refuge was the best thing that ever happened to Albany. There is more community focus now. It is more community-oriented than it has ever been in it's existence" (Carter, 1998).

While local organisations are disappearing, the assumption commonly held within the sector that the disappearance of small, local organisations will have a negative impact on the local community, does not necessarily hold true in all situations.

3.4 Increased administrative costs

When asked what has changed in the environment in which their agency has had to operate over the last five years, CEOs identified the increasing complexity of demands made on their organisation (Carter, 1998; Richards, 1998). Not only are agencies facing an increase in the overall level of demand for their services, but client needs are becoming more complex⁷. Clients are no longer requesting help in just one area; they have a range of needs, "all of which are interlinked and interwoven" (Carter, 1998). In South Australia, the Adelaide Central Mission runs a temporary shelter for young people who are experiencing family conflict and need a place to stay while family relationships are repaired. The shelter is increasingly seeing people who also have behavioural and health problems which "adds to the stress and demands on the service" (Richards, 1998). At the same time, the funding environment is becoming increasingly complex. Participating in a tender process is far more time consuming and resource intensive than putting in a submission for a grant and agencies are often expected to absorb these increased costs. For example, the Adelaide Central Mission spent \$35,000 putting together their tender for alternate care services and, when the tender went to Anglicare SA, "we were not allowed to put any of that into our overheads for the next project that we tendered for in order to try and recover some of our losses" (Richards, 1998). Similarly in Western Australia, agencies which are unsuccessful are expected to absorb these sort of administrative costs (Carter, 1998).

With governments becoming more specific about service requirements, the type of activities which are funded have also become more specific. In other words,

⁷ Of the 520 agencies which responded to a 1998 survey by ACOSS and the State and Territory Councils of Social Service, 65 per cent reported an increase in demand for community welfare services over the previous six months, with 73 per cent expecting a further increase in demand over the next six months. When asked about the reason for this increase, the most common response (25 per cent) was the increased level of need and more complex problems affecting agency clientele (ACOSS et al, 1998).

governments are prepared to fund direct service delivery functions but not the infrastructure costs which support program delivery (Herbert, 1999). When organisations were funded through block grants, the funding supported the whole organisation. Now, if an agency wants to employ people, such as an accountant or a CEO, whose work supports the organisation as a whole rather than one specific program, the cost of employing such people has to come from other sources or be somehow spread over all service delivery areas (Herbert, 1999). In NSW, tender documents include a broad category covering administrative overheads, but State government departments sometimes query the amount of money allocated to administrative overheads.

[T]hey will anecdotally make the comment, “that’s a bit high, we’d like to see you reduce that component and see it translated into the actual service delivery part of your budget”. So very clear expectations from the funding bodies as to how they want to see their money used (Gardiner, 1999).

Agencies not able to redeploy staff also face the additional cost of redundancy payments (Stien, 1999). In this sort of environment it is not surprising that, as noted in the previous section, many small organisations are struggling, with some deciding to opt out.

Larger agencies are also beginning to calculate the costs involved in putting together a tender submission and, at times, making the decision not to tender.

There are a lot of tenders, particularly where they’ve been fixed price tenders, where we have done our sums and clearly concluded that there are not enough dollars to do the job and so we’ve let it go by (Gardiner, 1999).

A number of agencies working in the area of substitute care in NSW made the decision not to tender because they believed the amount of money offered under the fixed price tender was well below the real cost of providing the service (Herbert, 1999). While some new organisations did emerge in that tender process, the impact of new entrants on service quality in a difficult area like substitute care remains an open question (Herbert, 1999; Stien, 1999).

Preparing a tender submission is more time consuming than putting in a grant application because service providers are required to think more carefully about what it is they are proposing to do in terms of service delivery, the link between services provided and service outcomes (that is, impact on clients and the community), the cost of delivering the service, how to define and apportion those costs, as well as the proposed legal arrangements (Moore, 1999). Service providers acknowledge that the greater rigour demanded by the tendering process has been beneficial, but would like to see more consistency in tendering requirements within the one government department, between State government departments, and between Commonwealth and State government departments (Richards, 1998; Wilson, 1998; Carter, 1998; Stien, 1999; Gardiner, 1999; Moore, 1999).

A Commonwealth tender will be different to a State government tender. A Health tender will be different to a DOCS [Department of Community Service] tender and two DOCS tenders might be different (Stien, 1999).

[T]here is no consistency in what they are asking...for example, one section in one department may have a particular bent about quality, so they will have 20 questions on what you are like as a quality organisation. There is no standardisation, even within departments, so there is no standard contract, no standard tender process. So you can't put together a standard set of data and then update it (Richards, 1998).

A similar story emerges with reporting requirements. Over the last five years, Peter Gardiner (General Manager, Anglicare NSW) has seen a "significant increase in the auditing rigour of government departments" (Gardiner, 1999). In addition to financial reporting and auditing, organisations in NSW which receive funds under formal funding agreements are required to provide (at least) six monthly progress reports. Sometimes these biannual reports include a financial progress report, signed off by the finance manager, showing income and expenditure to date (Gardiner, 1999). Agencies are also required to provide a program report setting out the achievements to date of the particular program (Gardiner, 1999). Reporting requirements are all done on a program basis

so we would supply in one year something like 60 separate audits to various government departments, as well as a number to the same government department...it's a bit of a nightmare for our finance people (Gardiner, 1999).

Stephen Richards (CEO, Adelaide Central Mission) echoes Peter Gardiner's concerns about the individual nature of data collection.

Even within departments people don't talk to each other, so every project manager wants to develop his own data base, commission a software person to write it...We have to use eight different models, all with different software (Richards, 1998).

The program specific nature of data collection increases administrative costs for service providers. For example, the Adelaide Central Mission has to maintain two major data collection systems for what is a relatively small service (5.5 workers) because the service is funded by two different funding bodies (Talbot, 1998).

Service providers acknowledge the fact that accountability requirements on government have increased substantially over the last ten to fifteen years (Herbert, 1999), but question whether all the information being collected is used, or even whether the government has the capacity to use all the information it collects (Gardiner, 1999; Moore, 1999; Morgain, 1999). Jill Whitehorn (Director, Policy and Planning, SA Department of Human Services) is also concerned that the government has not yet developed the monitoring capacity which would enable it to make use of all the information it collects.

There is a difference between accounting and accountability. What we are getting is a lot of accounting going on and not a lot of accountability because we are not well placed...We don't have the monitoring ability. And yet there are quite onerous accounting requirements on one side having to offer up data and information which doesn't seem to go anywhere (Whitehorn, 1998).

While Lyons and Nowland-Foreman's prediction of increased administrative costs has been realised, this increase has not come about because agencies have had to employ more paid staff as a result of a drop in the number of volunteers. Contrary to expectations, service providers across Australia report no decrease in the number of people working as volunteers within their organisation (Carter, 1998; Menses, 1998; Schrapel, 1998; Wilson, 1998; Tito, 1999; Gardiner, 1999), although Graeme Bound (Chief Executive, St Laurence Community Services Barwon) believes that this is due (in part) to the fact that job search requirements are waived if a person on unemployment benefits does volunteer community service work (Bound, 1998).

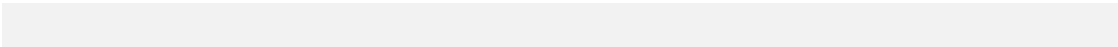
The fact that volunteer numbers have not declined is also due to the commitment of those volunteers to service delivery and the work done by non-government agencies to make volunteers who had previously worked for other agencies feel welcome and committed to a new organisation. When Anglicare SA won the large alternate care tender, volunteers from other organisations, such as the Lutheran Church, which had previously provided alternate care services had to decide whether or not to work with Anglicare (Menses, 1998). Most of the volunteers were involved because they were Lutheran and wanted to serve their church. Some volunteers dropped out because they did not have the same desire to help the Anglican Church. Others put the children first and continued their volunteer work (Menses, 1998). There were also volunteers who had previously worked for government provided services, which meant Anglicare had to manage a group of volunteers with a widely divergent value base.

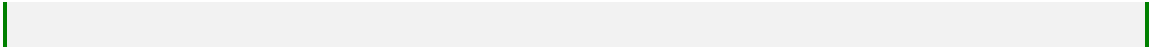
[S]omeone who has volunteered from government is very different from someone who has volunteered from the Lutheran Church. So when you are trying to get them together...and in some instances we've actually got hostile foster parents because they believe the whole service should never have been tendered in the first place and we only won because we are big and powerful and they're really co-operating under sufferance, they're hostile volunteers. That undermines the service (Menses, 1998).

An equally consistent, but opposite, picture emerges in terms of people being prepared to serve on Boards and management committees. With the exception of John Wilson (CEO, Anglicare Victoria) who reported that his organisation has "no trouble getting Board members" (Wilson, 1998), other CEOs report that it is now increasingly difficult to find people who are prepared to sit on Boards and management committees because of increasingly complex financial and legal accountability requirements (Carter, 1998; Yates, 1998; Gardiner, 1999; Stien, 1999; Boyle, 1998; Bound, 1998).

Boards are becoming much more aware of their governance responsibilities. I think in the past people would quite happily go onto Boards and Councils totally oblivious to the legal responsibilities they carry and the liability that they carry. Now that that's become more of an issue...I think that it has probably gone so far as to prevent some people from going on them because they say, "oh, I couldn't possibly lose my house over this, I'll stay away" (Gardiner, 1998).

Precisely because of the increasingly complex financial and legal requirements, non-government organisations are looking for a different mix of skills on their Boards and management committees (Moore, 1999), and are finding it difficult to recruit people who are able to operate in a commercial business environment and who also understand the caring charitable dynamic (Longley, 1999).





4. Disentangling the effects

The previous section began with the comment that it is important to identify what is actually happening in the social welfare sector. It is equally important to take the next step and try to distinguish between the impact of changes in the way organisations are funded (the policy itself), the way the policy is being implemented, and other changes in the policy environment. How much of what is happening is due to competitive tendering and how much is due to the way it is being implemented? How are other changes in the policy environment, such as reductions in funding levels, or a restructuring of services, affecting the sector?

The most obvious consequence of the introduction of competitive tendering is that larger organisations have tended to increase in size while many smaller organisations have struggled to survive, some going under and others merging with larger organisations.

Some organisational types are privileged within that model and many of them have benefited (Morgain, 1999).

Under the competitive tendering model, the government determines need and service types. Tender specifications reflect those pre-determined needs and service types. Agencies submitting tenders are required to respond to detailed tender specifications, a time consuming and resource intensive process which favours larger organisations. Thus, the disappearance of smaller organisations is linked to the increase in administrative costs under a system of competitive tendering.

In this instance, policy effects (increase in administrative costs, the increase in the size of larger organisations and the disappearance of smaller organisations) are exacerbated by other changes in the policy environment, as well as by the way the policy is being implemented. Restructuring of services is an example of a change in the policy environment. In Victoria, the Youth and Family Services Division of the Department of Human Services has been looking at restructuring services and introducing a contestable process. The aim of the restructure is to move from a situation where there are lots of very small agencies each providing a discrete service, to a situation where agencies are able to provide a range of services, thereby facilitating continuity of care (Prosser, 1998). The Aged, Community and Mental Health Division of the same Department is also considering a major restructure of services which would see all the services it purchases bundled together into a Primary Health and Community Support Service (PHACS) and tendered out to a single provider within a certain geographic area (Leveratt, 1998b:8). This type of restructuring favours large organisations which have the capacity to provide the range of services required across a wide geographic area. For example, in South Australia, there are a couple of large regional providers in the south-east of the State

and what we are tending to find is that they have spread out...The South-East Service changed its constitution so that it could provide services to the whole Southern region (Schrapel, 1998).

As noted in the previous section, organisations are also responding to these sort of changes in the environment by combining with other organisations to provide services across a wider geographic areas. When alternate care services in South Australia were put out to tender, two Centacare agencies put in a combined tender (which was successful) so that they could offer services across the whole of the iron triangle region; that is, from Port Pirie to Port Augusta (Schrapel, 1998).

The most obvious example of how implementation problems are exacerbating policy effects is inconsistent tender requirements which increase the cost of putting together a tender submission. Other changes in the environment (notably reduced levels of funding) also exacerbate policy effects. Increases in administrative costs become a problem for agencies in an environment where overall funding levels are decreasing while demand for services is increasing. While Anglicare NSW has a policy of contributing 20 per cent of its own funds to each program area, “the reality in a lot of areas now is much closer to a 50:50 split where we’ve not received any significant price rises, not even CPI in some program areas, over the last five years” (Gardiner, 1999). Similarly, in South Australia, there are programs run by the Adelaide Central Mission which have not received any CPI increases for five years (Richards, 1998). In Western Australia, “funding levels are very similar to what they were in 1993 when the Liberals first came in” (Boyle, 1998). Smaller agencies are more vulnerable, less able to continue providing services in an environment where it costs more to gain funding. For example, an agency funded under a community service grant approached Burnside about the possibility of merging with the larger organisation. Costs were rising while income remained static and the agency did not have the resources to become involved in any tender processes. The agency was “stuck on an old grants arrangement [that was] not going anywhere” (Stien, 1999).

Service providers point to the Job Network program as an example of poor implementation where funding levels did not reflect the cost of providing the service, thereby forcing agencies to cross-subsidise the unviable service areas (Bound, 1998; Carter, 1998; Gardiner, 1998). Gary Moore (Executive Director, NCOSS) and Shawn Boyle (Executive Director, WACOSS) point to the reluctance of Commonwealth and State governments to identify realistic benchmark unit costs as further evidence of resource constraints (Moore, 1999; Boyle, 1998). In using historical subsidies as benchmark unit costs in fixed price tenders, governments can ignore the cost of voluntary labour, management infrastructure time, as well as the traditionally low wage levels in the community sector (Moore, 1999). John Wilson (CEO, Anglicare Victoria) also sees an inconsistency between rhetoric and practice, particularly in matters relating to price. As an example, Wilson points to a \$3 million program which was put out to tender. The relevant government department said,

“we’ve only got \$1 million, so can you cut your price?” [Anglicare] said... “If you want this service you get 30 per cent of it for the price you are offering” (Wilson, 1998).

Once again, government was trying to maintain practices characteristic of the grant or submission model of funding (where there is a low level of transparency about what the price paid by the government is expected to cover) within a competitive tendering framework.

Unlike the increase in administrative costs, increased reporting requirements are not an inevitable consequence of moving to a system of competitive tendering. Service providers see increased reporting requirements as a result of changes in the policy environment (that is, governments are now expected to be more accountable with public money) and the way governments have responded to these increased accountability requirements (Herbert, 1999; Carter, 1998). For example, Ian Carter (CEO Anglicare WA) believes that line departments are focused on micro-managing project outputs - did Anglicare spend the \$3,000 on the new photocopier? - rather than monitoring program outcomes - why are only one-third of children in care who need alcohol, detox and other services getting access to these services? Furthermore, as changes are made to administrative systems and procedures, new reporting requirements are simply added to existing requirements.

[In WA] we have the Financial Audit and Administrative Act which underlies financial accountability in this State. Then they brought in program based management and then they moved to outcomes based management...In each case the change was meant to replace the previous system. But most government agencies have simply treated it as an add on (Carter, 1998).

Changes in the environment as well as the policy itself are the reasons why non-government agencies are finding it increasingly difficult to find volunteers willing to serve on Boards and management committees. The demand for increased accountability has already been noted. This change affects non-government as well as government agencies. In other words, non-government agencies are also becoming more aware of their accountability responsibilities. At the same time, the use of contracts associated with competitive tendering has made financial and legal liabilities more explicit.

A similar combination of factors lies behind the shift in the balance of power between government and non-government organisations. With the introduction of competitive tendering, governments define both need and service type. However, governments' desire for greater control is also a response to demands for increased accountability. Furthermore, the way in which government has responded to those demands is part of the reason why service providers are experiencing decreasing levels of autonomy. For example, the government's approach to intellectual property or clauses restricting public comment are not intrinsic to the tendering process, as evidenced by the fact that, on occasion, such clauses have been deleted from proposed contracts after agencies objected.

The lessening of support for the advocacy role has more to do with the change from Labor to Liberal/National Party governments at the Commonwealth and State level, than the introduction of competitive tendering. Lyn Morgain (Executive Director, ACTCOSS) believes there is a large gap between the values of the sector and the values of the present Commonwealth and Territory Governments (Morgain, 1999). Morgain points to elements within the current ACT Liberal Government who feel that the left-oriented community sector has had their turn and now

“the real people are going to have a go”. What they mean by the “real people” are people who are not economically disadvantaged, they’re often people who have managed to achieve and see themselves as achievers. The whole business culture in this government is very big and [the government] recognises and rewards those people who are interested in ordinary values. Now that is code for actually meaning a different ideological position than that which the sector once survived under (Morgain, 1999).

As discussed in the previous section, a reduction in collaboration and learning between service providers, and between government and non-government agencies, has been taking place. However, in this instance, it is the way the policy has been implemented and other changes in the environment, rather than the policy itself, which is causing the problem. Service providers have always been in competition over limited resources. The distrust and the lessening of information sharing and collaborative behaviour reported by agencies is simply a response to the change in established funding arrangements at a time when overall funding levels are decreasing; that is, agencies trying to figure out how they should be operating in this changing environment.

Inappropriate implementation strategies, such as clauses in tender documents which forbid potential tenderers from talking to each other, exacerbates the problem as it sends the wrong signals to agencies. Once policy guidelines are examined it becomes apparent that it is inappropriate implementation strategies which are causing the problem rather than the policy itself. For example, in Western Australia, the State Supply Commission has responsibility for competitive tendering and contracting. The Commission’s policy statement on government purchasing does not preclude co-operative approaches and, in the section on partnering for strategic gain, joint management arrangements such as partnering or alliances are encouraged “where there is a poorly developed or highly specialised market or where the requirements are complex and continuously developing” (Government of Western Australia, 1996:29). The South Australian Department of Family and Community Services’ position paper, *Contracting in Community Services*, also highlights the benefits of a collaborative approach to service provision.

Meeting complex consumer and community needs often depends on collaboration among providers within and across sectors. Contracting processes should allow for such collaboration...and should avoid...allowing any benefits of competition to undermine benefits of collaboration (Family and Community Services South Australia, 1996:19).

Competition may well become more intense as resources diminish and it may manifest itself in different forms in response to the change in funding arrangements, but the fact that some agencies report increased levels of co-operation at the informal level, or in the form of collaborative tendering arrangements, or even the creation of consortium partnerships, is further evidence that a reduction in collaborative behaviour is not an inevitable consequence of the introduction of competitive tendering.

The breakdown in the relationship between government and service providers is due to the way competitive tendering is being implemented. While line departments may believe that a system of competitive tendering requires them to distance themselves from potential tenderers, once again policy guidelines tell a different story. For example, the NSW Government guidelines on competition encourages government departments to seek input from potential bidders on tender specifications (NSW Government, 1996:19) and, during the period between issuing the invitation to tender and the closing date for submissions, the guidelines emphasise that “the key principle in agencies dealings with bidders is that all bidders should be given equal access to information” (NSW Government, 1996:28). The South Australian guidelines go further, identifying the sort of partnership that agencies are saying has largely disappeared.

This principle [of collaboration] also encompasses consultation and collaboration between funders, purchasers and providers in identifying needs in policy development and implementation processes for contracted services (Family and Community Services South Australia, 1996:19).

Excluding service providers from the policy process is not the only reason for the souring of relations between government and non-government organisations. Service providers talk about being treated with disrespect in terms of the contracts offered by government (Richards, 1998); government being late with payments so that agencies cannot pay their staff (Morgain, 1999); contradictory messages from government where business principles and rhetoric are used to justify changes in funding arrangements, but these principles are ignored if other priorities are considered more important (Boyle, 1998); the tension between a fair and open process and a minister’s prerogative to intervene in resource allocation decisions (Menses, 1998); and government changing the rules half-way through a tender process (Yates, 1998). All of these problems are implementation problems and most arise from a lack of consistency in following previously agreed procedures. For example, after the alternate care tender was awarded to Anglicare SA (as a result of a ministerial decision which caused a great deal of tension within the sector), there was a considerable period of negotiation before the contract was signed because the relevant government department tried to change the nature of the services set out in the tender documents (Menses, 1998).

[The Department] had a special Aboriginal service which we didn’t go for because we don’t have expertise in that area. And then [the Department] said, “well Anglicare can deal with Aboriginal services” because [the Department] was no longer happy with the other people... The government comes back and demands more and more and more (Menses, 1998).

Agencies involved in the field of substitute care in NSW feel there was an abuse of trust as well as a number of equity issues raised in the way contracts for high intensity units were initially put out to tender and subsequently re-negotiated. The initial contract to provide high intensity residential units (six children in each unit) was meant to be 100 per cent government funded. However, the fixed price tender was not

sufficient to cover the cost of providing a six bed high intensity unit. Some agencies therefore decided not to tender, despite the fact that they had considerable expertise in this area. At the end of the initial three year period, the only organisations prepared to re-tender for another three year period were those that had managed to negotiate a higher level of funding from the Department.

Burnside was one of the agencies which decided to close its high intensity unit at Campbelltown because they could no longer afford to continue subsidising the unit (Stien, 1999). With the relevant State government department refusing to re-negotiate contracts with service providers as a group, the result was a series of highly individualised arrangements.

One program managed to negotiate providing four places instead of six places for the same money. Had we been able to do that, we would still be in it (Stien, 1999).

Not surprisingly, Burnside considers the whole process to be “shabby and unfair” (Stien, 1999). A senior person from another agency (who did not wish to be identified) felt even more strongly about the issue.

Now in my view the Department broke the rules. They changed the goal posts because half-way through the process people were saying, “we can no longer do this, we’ll pull out if you don’t give us more money”, and so there were some deals negotiated. So I saw that as being entirely unfair...I think it made a mockery of the whole tendering process.

Inequitable processes breed further inequities in that agencies have to decide the next time a service is put out to tender at a price below cost, whether they will tender on the basis of the fixed price and then, if they are successful, try to negotiate additional money.

The Rev. Harry Herbert believes that governments see contracts as a way of ensuring compliance by service providers, but have not yet grasped the fact that, as a signatory to a contract, government is equally bound (Herbert, 1999).

[T]he day will probably dawn when some organisation having been treated badly by government and let down under the terms of a service agreement or a contract will actually sue the Department and they’ll get a terrible shock (Herbert, 1999).

Direct involvement by the relevant minister in resource allocation decisions is also seen as somehow perverting due process (Lutheran Community Care, 1997:917). For example, in South Australia, services in the domestic violence area of the Supported Accommodation Assistance Program (SAAP) were put out to tender. Bids were submitted, a number of organisations realised that they were going to have to close down and made arrangements with other agencies, and a decision was made.

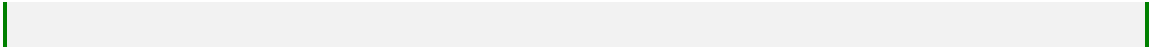
One major national charity didn't like the outcome, went to the media and the minister overturns it and says, "you can have \$350,000 on an on-going basis", in an area where funds are scarce (Richards, 1998).

For those who had participated in the tender process and "accepted the umpire's decision", the minister's decision put a question mark over the integrity of the whole process where funds were supposed to be allocated on the basis of professional competence and expertise rather than one's ability to lobby decision-makers.

In summary, competitive tendering is having an impact on the social welfare sector. It costs more to gain funds through a tender process than putting in a submission for a grant. Thus, larger organisations are tending to do better under such a system than smaller organisations. However, the policy impact (that is, the impact of the change in the way organisations are funded) is less significant than the impact of the way the policy is being implemented and the impact of other changes in the environment such as reductions in funding levels and a restructuring of services. Poor implementation strategies, such as inconsistent tender requirements, further increase administrative costs and the impact of such increases is magnified in an environment where overall funding levels are decreasing while demands on the organisation are increasing.

The reduction in collaboration and learning between government and non-government agencies, and between service providers, is largely caused by the way the policy is being implemented and, to a lesser extent, by other changes in the environment, rather than the policy itself. Government policy guidelines emphasise the importance of collaborative working relationships, but in many cases, departmental practices do not reflect the principles enunciated in policy statements and guidelines. Relationships between government and non-government agencies are further strained when departments do not follow previously agreed procedures, or where there is evidence of overt political involvement in resource allocation decisions.

When the differing impacts are separated, the way the policy is being implemented emerges as the most significant factor overall, which raises the question of what changes should be made to current practices? In order to answer this question, the paper will first identify a common set of principles endorsed by both government and non-government players.



5. A common set of principles

As well as documenting the impacts of competitive tendering, the interviews with government and non-government representatives revealed a number of principles which provide common ground between purchasers and providers. Both government and non-government agencies agree that accountability is an important principle. Furthermore, government and non-government agencies agree that better meeting the needs of clients and potential clients is the fundamental principle which should provide a rationale for action: why you do it. Similarly, government and non-government agencies agree that the principles of partnership, transparency and safeguarding community investment in services and infrastructure should provide a rationale for process: how you do it.

5.1 Accountability

From a government perspective, the introduction of competitive tendering is linked to a desire for greater accountability.

Contracting practices are seen as a set of management tools which...will enable improvements in...accountability (Family and Community Services South Australia, 1996:2).

In a submission to the House of Representatives inquiry into competitive tendering of welfare service delivery, the Victorian Department of Human Services note that “improved accountability for the delivery of outputs” is one of the benefits of competitive tendering (Department of Human Services, 1998:3). The Commonwealth Department of Health and Aged Care also lists enhanced accountability as one of the benefits of contracting out (Commonwealth Department of Health and Family Services, 1997:101).

Since the rationale for competition is economic efficiency, at first glance, it may seem surprising that governments identify accountability rather than economic efficiency as the major benefit of competitive tendering. However it is often difficult to measure gains in economic efficiency in the delivery of welfare services. Economic efficiency is increased if the same quantity or quality of services are produced with fewer inputs. Also, in a democracy where government determines priorities on behalf of the community, economic efficiency is increased if government funds are spent solely on the services nominated by government. It is impossible to know if economic efficiency is being increased in either of these ways if accountability levels are low. Therefore, on reflection, it is not surprising that governments identify accountability as one of the important benefits of competitive tendering.

Non-government agencies agree that government (on behalf of the taxpayer) has a legitimate right to know how taxpayers’ money is being spent (Menses, 1998; Siemon, 1998; Stien, 1999; Longley, 1999; Herbert, 1999; Morgain, 1999; Lutheran Community Care, 1997:918). Competitive tendering is seen as instrumental in bringing about a greater awareness within the sector of the need for accountability - the need to “demonstrate results” (Schrapel, 1998).

I think that five years ago...there was an expectation that money would be provided and there would be an expectation that agencies would deliver services, but the exact nature of those services was never very well defined. I think the shift to the contracting environment...has meant that there is a consistent and conscious message being provided to agencies that being accountable, being clear about what you are trying to achieve and linking that to the resources which are being made available isn't an expectation, it is a requirement (Schrapel, 1998).

For others in the sector, accountability goes further than being clear about what you are trying to achieve and linking that to available resources because the need to demonstrate results encompasses the evaluation of services (Boyle, 1998; Stien, 1999; Richards, 1998).

5.2 Why provide the service?

Government and non-government agencies agree that better meeting the needs of clients and potential clients is the fundamental principle which should provide a rationale for action (Whitehorn, 1998; Herbert, 1999; Stien, 1999; Gardiner, 1999; Bound, 1998). But what is involved in meeting the needs of clients, or maximising outcomes for clients? One part of the answer has to do with providing a quality service because "the level of quality of the service you provide obviously impacts on the outcome for the client" (Gardiner, 1999). The other part of the answer has to do with identifying what it is that clients need. For example, some younger clients of disability services

are saying, "I don't want my whole life to be part of a government program. I actually want to hold some money myself and make my own choices" (Whitehorn, 1998).

For those people, a client-oriented service is one which allows for self-management and allows the individual to live their life as independently of government as possible (Whitehorn, 1998). In other parts of the sector integrated services are needed (Bound, 1998). For example, Rhonda Stien (CEO Burnside) believes a truly client focused substitute care service starts with the question, "what is it that kids need"? Children need continuity of relationships, so an integrated service should be designed to maximise such continuity.

The last thing you want is for a kid to fail in one service option and then have to change where they go and also change their case worker, the worker that knows their family (Stien, 1999).

However services designed around the needs of clients may conflict with other government priorities such as greater co-ordination and less duplication of services. For example, the proposed restructuring of Primary Health and Community Support Services in Victoria so that there is a single point of entry into the service system and a single system of data assessment, referral and recording, will obviously benefit some clients, but will actively discourage other clients from using the service (Siemon,

1998). Disadvantaged, low-income clients who are on the margins of society are unlikely to use a system based on common client records.

We [at the Brotherhood of St Laurence] find that the more entry points there are, the more likely it is that at some point they will feel comfortable coming into the system. Our clients will actively try to thwart a system which they see as equivalent to an electronic tagging system (Leveratt, 1998a).

Choice is another word that is often mentioned when talking about how best to meet client needs (Prosser, 1998; Whitehorn, 1998; Yates, 1998; Bound, 1998; Menses, 1998; Tito, 1999). When governments and service providers talk about choice they usually mean consumers having a choice of providers. Some consumers may feel more comfortable using services provided by a church-based organisation, others may prefer to use services where the service provider is not associated with any organised religious body (Menses, 1998). In South Australia, for example, the government has always tried to maintain a diversity of non-government service providers, not letting any one player become dominant (Meldrum, 1998; Menses, 1998).

Choice is also important for consumers; choice of provider, choice of service type (Tito, 1999), or even (as in the case of the Brotherhood of St Laurence clients), choice of entry points into the system. However, for consumers, choice is linked to information (Golley, 1998; Tito, 1999). Consumers need information so that they can choose for themselves the service and service provider that best meets their needs.

As noted previously, choice implies access. Consumers must be able to access services before they can exercise choice (Tito, 1999). Consumers therefore identify access to services as a major concern (Golley, 1998), particularly those living outside the major metropolitan areas (Gregory, 1998). Access encompasses situations (such as in rural and remote areas of Australia) where no services exist, as well as the situation discussed earlier where eligibility criteria are tightened, thereby denying clients access to services.

I think one of the problems in community services is that we can sometimes...be very concerned about the level of service to existing clients and somewhat forget the pool of clients who've never got in the door (Herbert, 1999).

Client needs cannot be met if clients cannot get access to services.

5.3 How to provide the service?

Both government and non-government agencies agree that the notion of partnership should underpin the process of policy and program development. As noted previously, government policy statements talk about collaboration among providers and between purchasers and providers. Service providers identify re-establishing collaborative working relationships as a priority for the sector (ACOSS, 1997b:45). But what do non-government organisations mean by collaborative working relationships or partnerships? Consultation is part of the answer (Carter, 1998);

determining priority needs in consultation with service providers and clients (Moore, 1999). However, consultation must be more than simply going through the motions.

What angers interest groups is when consultation does not occur, or...when government departments show 'bad faith' by pretending to consult when they have no intention of changing their mind (Byrne & Davis, 1998:37).

In a truly collaborative working relationship, consultation involves listening to the views of the other players (Menses, 1998) and relinquishing some control to service providers and clients (Carter, 1998).

Government and non-government agencies also identify transparency as an important principle which should guide implementation.

One of the things that I think is a positive development in most State government departments that we deal with is their desire for greater transparency about process and fairness (Gardiner, 1998). The good thing about tendering is it's transparent and open (Wilson, 1998).

When service providers talk about the need for greater transparency they mean transparency in terms of a fair and open process (Yates, 1998; Fraser, 1998; Wilson, 1998). Transparency means everyone knowing what the ground rules are before the game starts (Longley, 1999) and not changing the rules half-way through the game. Transparency also involves a genuine level playing field. Tender processes should not discriminate against smaller organisations which means adequate lead times and access to relevant information (Moore, 1999).

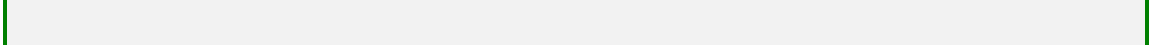
For government and non-government agencies, transparency also involves being clear about what it is that the sector (government and non-government agencies) are trying to achieve (Whitehorn, 1998; Richards, 1998). In other words, determining your objectives and then clearly articulating them. In order to determine objectives government and non-government agencies need to address a number of questions. What does government have a responsibility to fund and what do non-government agencies have a responsibility to fund (Menses, 1998)? Are programs trying to achieve self-management, a lack of dependency on the system (Whitehorn, 1998)? Is the desired outcome better service integration; or to maximise innovation or service quality; or is it simply to save money (Longley, 1999)? For government, the issue of cost is the sting in the tail in terms of transparency. As governments become more prescriptive about how funds are used, the gap between the government contribution and the cost of providing the service becomes more of an issue.

If things are going to be tendered out, then it's got to be on a business-like manner. You cannot expect a welfare organisation to underwrite that by going out and selling raffle tickets or having a second hand shop or whatever. To me those should be for services that don't get any funding at all (Bound, 1998).

Being honest about the level of subsidy is, of course, difficult in the human services area where realistic benchmark costs are the exception rather than the rule.

The issue of price is coming up to be a big issue...Each Department is taking on all the rhetoric of the new business contracts, but one part they never take on is issues of quality and benchmarking which is very hard, but also raises issues of cost (Boyle, 1998).

Safeguarding community investment in services and infrastructure is the third principle government and non-government agencies believe should underpin process (Adams, 1998; Boyle, 1998; Menses, 1998). Not surprisingly, service providers believe it is unfair if infrastructure and expertise built up over the years is lost as a result of a tendering process (Menses, 1998). However, the issue is more than just treating service providers equitably. There is a danger that the community may lose a depth of expertise (intellectual capital) if the successful tenderer is a newcomer to the area with only limited understanding of client needs and the problems involved in meeting those needs. Similarly, physical infrastructure particularly suited to one type of service may have to be converted to other uses, an exercise which is not cost-free.



6. Conclusion: Making public benefit a priority

After an introductory discussion which, among other things, establishes the criteria to be used in making recommendations, this section summarises the main conclusions of the study and provides a set of recommendations that flow from these conclusions.

As noted in Section 1, a range of funding mechanisms currently operate in the social welfare sector. Generally governments have adopted a pragmatic approach in deciding whether or not to put a particular service out to tender. That is, services are put out to tender when doing so will not upset existing arrangements that are perceived to be working satisfactorily. Services are therefore put out to tender when new services are introduced, when there is a major restructure of service types, or when there is a change in the nature of the service (Schrapel, 1998; Prosser, 1998). Where there has been little or no change in the nature of the service, traditional funding arrangements have tended to continue (Schrapel, 1998).

The other major factor in deciding whether or not to put a service out to tender is the government's assessment of the state of the market (Prosser, 1998; Schrapel, 1998). Are there enough potential providers to make a tendering process a realistic option, or is government better off simply talking with the two or three agencies who could provide the service (Schrapel, 1998)?

Decisions about whether or not to put a particular service out to tender can have consequences which are difficult to quantify. A small community organisation loses a tender and, as a result, can no longer continue operating. What (if anything) has been lost in terms of services delivered to clients? How does one weigh up unquantifiable costs such as the potential loss of community involvement or ownership against more measurable benefits in terms of dollars saved or less easily quantifiable benefits such as a wider range of services being offered by one agency? Unfortunately, competition policy itself offers no solution to this dilemma. While national competition policy contains a public benefit test - competition principles need only be implemented if the benefits of competition outweigh the costs and subclause 1(3) of the Competition Principles Agreement sets out those matters which should be taken into account in making any assessment of costs and benefits - the Competition Principles Agreement provides no guidance as to how individual jurisdictions should balance economic efficiency goals with social and environmental objectives⁸. Furthermore, the notion of public benefit itself is contested.

The National Competition Council's approach to the notion of public benefit or public interest is based on the assumption that "competition, in general, will promote community welfare by increasing national income through encouraging improvements in efficiency" (NCC, 1996:2). Public benefit is therefore defined in terms of economic gains to the community as a whole which must be balanced against the interests of particular groups (NCC, 1996:8). State government departments with overall policy responsibility for national competition policy also adopt an economic

⁸ Under the Competition Principles Agreement, State and Territory governments are required to apply the public benefit test when reviewing anti-competitive legislation. Appendix A briefly sets out how the public benefit test has been applied in these legislative reviews.

perspective, defining public benefit in terms of quantifiable dollar gains to the economy, with appropriate compensation paid to the specific groups or individuals who will be worse off (Jordan, 1999).

On the other hand, for those working on the non-government side of the social welfare sector, distributional equity is more important than economic efficiency (Richards, 1998; Talbot, 1998; Gregory, 1998; Wilson, 1998; Herbert, 1999). Public interest is all about “protecting those least able to protect themselves and protecting the rights of people as citizens” (Rix, 1999). Benefits accruing to the majority of the population will not necessarily outweigh the costs borne by a segment of the population.

In its submission to the House of Representatives inquiry into aspects of the national competition reform package, Brisbane City Council also argued against public benefit being determined in terms of a particular activity’s effect on the community as a whole. For the Brisbane City Council, “a public benefit is not necessarily a national benefit” (Brisbane City Council, 1997:160). Because public benefit may only apply to a specific community within which an economic activity takes place, Brisbane City Council believes that the principle of subsidiarity should apply to decisions as to what constitutes public benefit. That is, the body representing the local community, and which is accountable to the local community, should determine whether a particular economic activity will result in a net public benefit to that community (Brisbane City Council, 1997:161).

[T]he local community will have a different perspective on the costs and benefits arising from a diversion of traffic than will the operators of a national freight service or a Road Transport Authority (Brisbane City Council, 1997:161).

Advocacy organisations also see public benefit as something which applies to specific individuals or groups rather than the community as a whole.

They know what public benefit is. They know that having to get through a certain structure is not in their best interests and if that structure was changed then their lives could be changed (Golley, 1998).

In its submission to the House of Representatives inquiry into the competitive tendering of welfare services, ACOSS argued that the public interest test set out in the Competition Principles Agreement should be the starting point for future discussions about contracting out of welfare services (ACOSS, 1997a:278). However, this public interest test is simply a list of factors which must be taken into account in weighing benefits against costs⁹. It provides no mechanism for weighing non-monetary costs and benefits. Quiggin (1998:1081) notes that any method of weighing non-monetary costs and benefits will be subjective, involving explicit or implicit value judgements. The principles identified in Section 5 will be the basis of the values underlying recommendations in this report.

⁹ See Appendix A.

But this will not be their only role. These principles (accountability, transparency, partnership etc) and the factors considered important in these principles (choice, quality of service etc) will be used as indicators of public benefit. Anything which increases accountability, transparency, choice etc will be considered to increase public benefit. Using this concept of public benefit avoids the problem posed by the contested nature of the concept of public benefit used by the National Competition Council. In other words, because these principles are widely accepted throughout the social welfare sector and the political arena, recommendations based on these principles are more likely to be accepted than if they were based on the interpretation of the public benefit test adopted by the National Competition Council. Moreover, the principles enunciated in Section 5 focus attention on a number of the categories listed in subclause 1(3) of the Competition Principles Agreement for consideration when determining public benefit: that is, social welfare and equity considerations, regional growth, the interests of consumers and the efficient allocation of resources.

The first major conclusion is that competitive tendering has had both positive and negative impacts on the delivery of social welfare services. The positive impacts of competitive tendering mainly relate to the two principles identified by government and non-government players; namely, accountability and transparency. The negative effects largely arise from the way the policy has been implemented rather than being inherent in the policy itself.

The introduction of competitive tendering has brought increases in both accountability and transparency in decision-making. Nevertheless, further improvements in transparency should be made, particularly in terms of what the price paid by government is expected to cover. Consequently, government and non-government organisations should put a lot more effort into working together to establish realistic unit costs for agreed standards of service. At the same time, government needs to be honest about the extent to which the government contribution reflects the full cost of providing the service.

Negative impacts of competitive tendering centre around reduced levels of collaboration and information sharing between government and non-government organisations, as well as a reduction in the number of small, community-based organisations. As noted previously, the breakdown in the relationship between government and non-government organisations is largely caused by inappropriate implementation strategies. For this reason, recommendations for future action will be based on those principles identified in Section 5 concerned with process: that is, the notion of partnership, a fair and open (transparent) process and one which safeguards community investment in services and infrastructure.

The importance of rebuilding the relationship between government and non-government organisations leads to five specific recommendations. Government policy statements and guidelines which call for consultation and collaboration between funders, purchasers and providers must be translated into departmental practice. Policy and planning processes are not the sole preserve of funders and purchasers. Service providers and clients of services must also be involved if services are to achieve another common goal - that of meeting client needs. The notion of partnership implies a recognition of the different skills, experience, intellectual and

physical capital and financial resources each player brings to the partnership as well as a respect for, and valuing of, the contribution made by each partner. Subcontracting work at a lower price to smaller organisations after they are unsuccessful in a tender process does not reflect the principles of respect or partnership. Collaborative arrangements should be discussed between potential partners before tender bids are submitted.

Respect for the contribution of the non-government sector must be demonstrated in the government's approach to intellectual property. At the very least, joint intellectual property rights must be a standard requirement in all contracts.

Respect must be demonstrated in the level of control funders and purchasers try to exert over service providers. While the level of control exercised by government must satisfy legitimate accountability demands, government departments should not attempt to micro-manage project outputs and should not try to stifle public comment by service providers.

In a partnership, the rules apply equally to all players. Just as governments expect service providers to comply with contract conditions, service providers expect the same level of compliance from government. Rules should not be changed half-way through a tender process. If it becomes clear that particular arrangements are not viable, all players must be given the chance to re-tender or negotiate new arrangements.

The second negative impact of competitive tendering is the reduction in the number of small, community-based organisations. This is of particular concern in rural and regional areas of Australia where the disappearance of local organisations reinforces feelings of community breakdown and alienation from decision-making processes. The disappearance of such organisations is a concern if choice is affected - choice of provider and choice of service type. Choice was identified by both government and non-government organisations as important in meeting client needs. The reduction in the number of small, community-based organisations is linked to the increase in administrative costs under a system of competitive tendering. Funding direct service provision and ignoring infrastructure and administrative costs may reduce the amount of money government spends on a particular service, but will eventually weaken service quality and reduce the number of organisations operating in a particular area as small organisations are no longer able to meet the costs of service delivery. Governments should allow a margin for administrative and infrastructure costs to be explicitly included in tenders for the provision of welfare services.

While it costs more to gain funds through a tender process than putting in a grant submission, poor implementation strategies, such as inconsistent tender requirements, further increase administrative costs. Administrative costs associated with tendering and fulfilling contracts after a successful tender should be minimised by establishing consistent tender requirements within the one department, across State government departments and even between Commonwealth and State government departments, rationalising reporting requirements so that agencies only provide the information

which is needed for monitoring purposes¹⁰, establishing common data collection systems and allowing more time between the announcement of a tender and the closing date.

Many small organisations are finding it increasingly difficult to continue operating in an environment characterised by complex financial and legal accountability requirements, and even large organisations are finding it difficult to recruit volunteers to serve on Boards and management committees. Governments should provide funding for training programs so that members of Boards and management committees are better equipped to fulfil their financial and legal responsibilities.

The disappearance of small organisations was more noticeable under Commonwealth funded programs, such as Job Network, than State funded programs. The impact was particularly noticeable in rural and regional areas. Government and/or non-government organisations should fund research into the reasons for the greater adverse impact on small organisations in Commonwealth funded programs so that future tendering exercises, at both the Commonwealth and State level, can build on the characteristics of the State funded programs which reduce the deleterious effects on small organisations.

This is not the only area of further research that is needed. Non-government organisations should work out what it is about small organisations that is valuable in terms of meeting client needs, so that attempts can be made to preserve these characteristics when small organisations merge with larger organisations, or form consortium partnerships.

For consumers, choice is dependent on access to services. While the market oriented emphasis on consumer choice has brought benefits for some consumers in terms of a greater range of service types, for many others, access to any type of service has disappeared. Restricting access by tightening eligibility criteria is a response to reduced levels of funding rather than a consequence of the introduction of competitive tendering. However, the fact that agencies are forced to deny services to those in need because there are others with higher levels of need raises the important question of the adequacy of current funding levels.

¹⁰ This relates to the recommendation that the government should not try to micro-manage project outputs.



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Appendices

Appendix A

Public Benefit and Legislative Review

Under clause 5 of the Competition Principles Agreement, State and Territory governments are required to review all anti-competitive legislation by the year 2000. However, anti-competitive legislation may be retained if the costs of removing restrictions on competition outweigh the benefits. Subclause 1(3) of the Competition Principles Agreement sets out those matters which must be taken into account in deciding whether or not costs outweigh benefits. That is:

- government legislation and policies relating to ecologically sustainable development;
- social welfare and equity considerations, including community service obligations;
- government legislation and policies relating to matters such as occupational health and safety, industrial relations and access and equity;
- economic growth and regional development, including employment and investment growth;
- the interests of consumers generally, or of a class of consumers;
- the competitiveness of Australian businesses; and
- the efficient allocation of resources.

The range of matters set out in subclause 1(3) is such that any assessment of net benefit involves balancing monetary and non-monetary costs and benefits. However, “there is no objective and value-free method of reaching such a balance” (Quiggin, 1998:1081). How then have State and Territory governments approached the task?

The National Competition Council (NCC) is responsible for assessing the progress of State and Territory Governments in implementing national competition policy. When assessing annual performance in the area of legislative reviews, the NCC is looking for rigorous analysis, a transparent process, an independent review panel, and whether all parties have had an opportunity to have their views considered (Cope & Campbell, 1998). Transparency is also identified by State public servants responsible for facilitating and monitoring implementation of national competition policy as an integral part of the legislative review process (Booth, 1999; Morrison, 1998). The values and assumptions that influence the assessment of costs and benefits should be clearly stated (Morrison, 1998), as should all costs and benefits, even those which are unquantifiable, so that it is clear where trade-offs have to be made (Booth, 1999). Thus, in NSW, those with overall policy responsibility for legislative reviews believe steering committees are more effective when they contain interest groups representing a range of different perspectives because government can “sit back and assess the

merits of both arguments” (Shields, 1999). While representation does not ensure acceptance of adverse decisions,

it may make those that see themselves as losing from the government’s decision better prepared to lobby within the political process, which is how it should be (Booth, 1999).

In practice, the amount of resources devoted to quantifying costs and benefits depends on the significance of the individual piece of legislation (Morrison, 1998; Myers, 1998). For reviews of legislation regulating agriculture and marketing, for example, a lot of effort goes into quantifying costs and benefits (Myer, 1998). In the case of the *Motor Vehicle Dealers Act (1973)*, which provides the regulatory framework for the sale of motor vehicles in Western Australia, no attempt was made to quantify costs and benefits which were simply listed in an impact display table. For example:

4.1.1 Licensing of Dealers

Costs

- Administration cost of government
- Higher compliance costs for business (licence and renewal fees)
- Higher prices for motor vehicles

Benefits

- Reduced risk of loss to consumers dealing with persons who are unable to meet ancillary

legislative obligations (eg warranty obligations)

- Reduced likelihood of fraudulent behaviour and misrepresentation
- Reduced transaction costs
- Revenue to government from licence and renewal fees

After assessing the costs and benefits it is considered that the retention of licensing for dealers is in the public interest and is the most appropriate policy response by government to address market failure in the motor vehicle industry (Western Australia Ministry of Fair Trading,n.d.:12).

The review of the *Milk Authority Act 1971* and the Public Health (Dairy) Regulations (June 1998) in the Australian Capital Territory used both quantitative and qualitative information (ACT Department of Urban Services,n.d.:5). For example, the review

methodology required an assessment of the costs of restricting competition on the community as a whole by quantifying the impact of restricting competition on production costs and hence final prices to consumers, as well as looking at qualitative issues such as whether consumers have less choice among suppliers, reduced choices at lower price/quality combinations or less information on available alternatives as a result of restrictions on competition (Acworth, 1998). However, even though monetary and non-monetary costs and benefits were identified and listed in Appendices 10-12, the Review Report failed to make any systematic assessment of these monetary and non-monetary costs and benefits (Competition Policy Forum, 1998:4).

Appendix B

Names and positions of those interviewed

Gerard Menses
Chief Executive Officer
Anglicare SA

Stephen Richards
Chief Executive Officer
Adelaide Central Mission

Chris Talbot
Adelaide Central Mission

Ian Yates
Executive Director
Council on the Ageing SA

Gael Fraser
Chair
SA Council of Social Service

Simon Schrapel
Manager, Business Improvements
Intellectual Services Disability Council; and formerly Acting Director
Community Services Division
Department of Human Services (SA)

Jill Whitehorn
Director
Policy and Development
Department of Human Services (SA)

David Meldrum
Director
Competition Policy Review Team
Department of Human Services (SA)

Susan Golley
Competition Policy Review Team
Department of Human Services (SA)

Ian Carter
Chief Executive Officer
Anglicare WA

Shawn Boyle
Executive Director
WA Council of Social Service

David Morrison
Director
Competition Policy Unit
Treasury (WA)

John Wilson
Chief Executive Officer
Anglicare (Victoria)

Graeme Bound
Chief Executive
St Laurence Community Services (Barwon)

Don Siemon
Social Action and Research
Brotherhood of St Laurence

Mandy Leveratt
Social Action and Research
Brotherhood of St Laurence

Bruce Prosser
Corporate Strategy Division
Department of Human Services (VIC)

Paul Myers
Economic Development Branch
Department of Premier and Cabinet (VIC)

David Adams
Assistant Secretary
Social Policy Branch
Department of Premier and Cabinet (VIC)

Sylwia Pichel-Smaczny and Nick Beckingsale
Social Policy Branch
Department of Premier and Cabinet (VIC)

Deborah Cope
Deputy Executive Director
National Competition Council

Ross Campbell
National Competition Council

Peter Gardiner
General Manager
Anglicare NSW

Jim Longley
Chief Executive Officer
Anglican Retirement Villages (Sydney)

Rev. Harry Herbert
NSW Synod Uniting Church
Board for Social Responsibility

Rhonda Stien
Chief Executive Officer
Burnside

Gary Moore
Executive Director
NSW Council of Social Service

Stephen Rix
Principal Policy Officer
Public Interest Advocacy Centre

Jim Booth and Caroline James
Inter-governmental and Regulatory Reform Branch
The Cabinet Office (NSW)

Frank Jordan and Peter Shields
Structural Reform Directorate
Treasury (NSW)

Lyn Morgain
Executive Director
ACT Council of Social Service

Fiona Tito
ACT Health Care Consumers Association
ACTCOSS Health Policy Resource Committee
ACOSS Board member

Gordon Gregory
Executive Director
National Rural Health Alliance

Brian Acworth
Chair
ACT National Competition Policy Forum

Ian Primrose
Manager
National Competition Policy Unit
ACT Chief Minister's Department

Senator Dee Margetts
Senator for Western Australia

Liz Peake
Economic Advisor to Senator Margetts