CULTURE OF PARTNERSHIP TO CULTURE OF CONTRACT

Child and Family Support Services Contracting with the New Zealand Community Funding Agency

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ABSTRACT

In recent years major changes have taken place in the relationship between the state and the voluntary sector in the provision of social services in New Zealand. Services are now being purchased by means of contract, rather than agencies being subsidised by means of grants, and this has been accompanied by a shift from state provision to non-government agency provision in certain service areas. Support for these changes came from a variety of very different ideological and interest group positions in the 1980s. State sector reform and legislative changes provided the structure within which the contracting system has been developed.

This thesis examines the relationships between five non-government social service agencies, providing Child and Family Support Services, and the New Zealand Community Funding Agency, the unit of the Department of Social Welfare which contracts them to provide services. Small scale qualitative research has been conducted, involving interviews with managers of the agencies and with Community Funding Agency staff, collecting information about their perceptions and beliefs about the relationship between the funder and the providers, the impact of the contracting system, and the proper roles of the state and non-government agencies in the provision of social services. Central to the study is a consideration of the complex interplay between ideologies and social realities in shaping the way the participants in changing social and political relationships think about those relationships.

The literature suggests that the nature of the relationship between the state and the voluntary sector has changed, such that the voluntary sector has lost some autonomy and become more an agent of the state; that a contract culture has emerged with its own values; that process difficulties persist even in settings where contracting has been in use for many years and agencies develop various strategies for managing these; and that agencies vary in the extent to which they are affected by the contracting system.

This research is limited by the small size of the sample. However, it indicates that while most participants in the contracting system believe it has advantages over other systems they have experienced, there is a high level of frustration with the

details of implementation. Survival in this funding environment appears to depend very largely on access to independent sources of funds, or at least the support of a larger organisation through times of cash flow crises. In the absence of these, agencies survive on the back-up of volunteers and the personal altruism of staff and committees. Newer, smaller, stand alone agencies, which include Maori and Pacific Island social services, do not generally have access to independent income and may face the greatest struggle surviving in the contract regime.

The thesis concludes that a change is taking place in discourse about the voluntary sector and the state. The commercial values and assumptions of contracting are replacing a culture which emphasised the value of partnership between state and community. The everyday demands of managing in the contract regime mean that agencies in the voluntary sector are themselves participants in this new conceptualisation.

While support came from ideological positions which ranged from economic liberalism aiming to minimise the role of the state, to radical reformism and biculturalism seeking empowerment and self-determination for communities, a major impact of the changes has in fact been to increase the level of control which the state exercises over the voluntary sector. Smaller, newer organisations, despite their own strong philosophies of self determination, may in fact be the most vulnerable to state control once they have entered the contracting system.

ACKNOWLEDGEMENTS

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CHAPTER ONE
INTRODUCTION

I. THE RESEARCH TOPIC

The last five years in New Zealand have seen major changes in the relationship between the state and the voluntary sector in the provision of social services. While there has been some government funding of non-government social service agencies for many years, this funding is now transferred from the government in a radically different way, with services being purchased by means of contract, rather than agencies being subsidised by means of grants. This change has been accompanied by a shift from state provision to non-government agency provision of certain services.

The research conducted for this thesis suggests two conclusions. One is that different ways of thinking about the relationship between the state and the voluntary sector from those of the previous decade have emerged. These derive both from the political and economic ideologies and theories which have provided the rationales for the changes, and from the assumptions and realities of the contract regime itself. Agencies in the voluntary sector are themselves participants in the new conceptualisation.

The second is that a major impact of the changes has been to increase the level of control which the state exercises over the voluntary sector. This is despite the fact that the transfer of service provision from the state to the voluntary sector and the development of the contracting system have gained support from a number of different ideological positions, all of which have sought to decrease the power of the state. These have ranged from 'economic liberalism', which seeks to minimise the role of the state, to 'radical reformism' which seeks to empower communities and enhance their self-determination. Generalisation from this research is limited by the small size of the sample. However, it suggests that the more radical, grass roots, locally based organisations, which are the least like the state and identify the least with the state, may be the most vulnerable to state control once they have entered the contracting system.

The thesis examines the relationships between five non-government social service agencies and the New Zealand Community Funding Agency, the unit of the Department of Social Welfare which contracts them to provide services. The agencies which are the subject of the research are all Child and Family Support Services within one administrative area of the Community Funding Agency. These agencies are approved under the Children, Young Persons and Their Families Act 1989 to provide, on referral both from the direct government provider, the New Zealand Children and Young Persons Service, and from other referral sources, personal social services to children and families which are related to care and protection and to family/whanau development, preservation and support. Small scale qualitative research has been conducted with managers of five agencies and with four of the Community Funding Agency staff responsible for contracting with agencies in this area. This is a study of the perceptions and beliefs, of both the agencies and of the public servants administering the system, about the relationship between the funder and the providers, about the impact of the contracting system on their organisations and their service provision, and about the proper roles of state and non-government agencies in the provision of social services. Central to the study is a consideration of the complex interplay between ideologies and social realities in shaping the way the participants in changing social and political relationships think about those relationships.

The terms 'non-government agency', 'voluntary organisation', 'voluntary agency', 'not-for-profit agency', and frequently in New Zealand, 'community agency' or 'community organisation' are all used, and often interchangeably to refer to a widely varying range of organisations. None describe the type of agency referred to in this thesis very accurately. The adjective 'voluntary' is not accurate in this context, since although the trusts or boards or committees running them are all voluntary and some agencies also use some volunteer labour, they all employ some paid staff. 'Community agency' and 'community organisation', while widely used in New Zealand, carry emotional connotations and problems of definition which I prefer to avoid. In this thesis I will use the term non-government agency to mean non-government, not-for-profit agencies which are providing personal social services. However, it is also necessary to be able to speak of the aggregate of all those non-government, not-for-profit organisations providing services as one *sector* within the political economy of the social services, along with the state or government sector and the private (for-profit) or

market sector. I use the term 'the voluntary sector' with this meaning, because it is the term most widely used in New Zealand and it is less cumbersome than any of the alternatives. It is also widely used in the international literature, although some also use the terms the 'third sector', the 'non-government sector, the 'non-statutory sector' and the 'non-profit sector'.

Changes in policies of the Department of Social Welfare in relationship to the voluntary sector have occurred in a number of dimensions:

1. A move from the direct *provision* of social services by government to meet expanding needs, to the *purchase* of services by government from the private sector, including both not-for-profit non-government agencies and for-profit organisations in the private market.

2. A change in the way funding is made available to non-government agencies from the government making a *contribution* to the funding of non-government agencies deemed worthy by means of *grants-in-aid*, to government *purchasing* specified types and quantities of service by means of *market type transactions*.

3. The use of a number of market type transaction models, including the two which are used to purchase services for the agencies in this study:

    i. *Open market purchase of services* for clients as they are needed, with payment to the agency at a negotiated price at the time of delivery of the service with the government agency having primary case management responsibility.

    ii. *Purchase of service by means of annual contracts.*

4. A shift within purchase of service by contract, from contracts which specified the kind of service to be provided, were loosely framed in terms of the amounts of services purchased, but specified the amounts of *inputs* to be provided by the agency (such as numbers of social work positions), to contracts which specify for a contract period the number of *outputs* being purchased, at a stated unit cost (such as hours of social work service to clients).

5. A *separation of the functions of purchaser and provider* within the

Department of Social Welfare, with the establishment of the Community Funding Agency as a specialist purchasing unit to undertake all this government department's annual contracting for purchase of service from non-government agencies.

6.   A move, of specific relevance to Child and Family Support Services, from fee-for-service purchase of residential care by the Children and Young Persons Service to purchase of care by annual contract negotiated by the Community Funding Agency on behalf of the Children and Young Persons Service.

Social work provided directly by the Department of Social Welfare is now restricted to the statutory requirements of the Children, Young Persons and Their Families Act 1989 specifically relating to care and protection and youth justice concerns, whereas previously departmental social workers had a much wider role in providing generic social work to families and some community development social work. The major social work role is now in investigation of abuse notifications and planning of interventions, and with the exception of the legal aspects of case work, further direct provision is often largely a form of case management, with referral to non-government agencies and private providers for counselling, care services, support services, budgetary advice and other supervisory, preventative or rehabilitative services. Community development social work within the Department has been discontinued.

A number of funding programmes which had developed in an ad hoc manner in the 1980s have been rationalised and are now administered by the Community Funding Agency. Whereas funding was previously distributed in the form of grants to applicant agencies, which were providing or planning to provide, on their own initiative, services in response to needs perceived by them, it is now used to 'buy', in the purchaser/provider model, services which the CFA has identified as 'needs' in its services planning process.

A range of sometimes conflicting ideological, political, economic and professional influences were operating in the social policy environment of the 1980s. These conflicting influences, for different reasons, supported the moves from state provided (and centralised) provision of social services to community provided (and devolved) provision. By the end of the decade and into the 1990s economic

liberalism and managerialism had become dominant influences amongst the policy makers. However, it is entirely possible that for both the social service providers and the public servants who are the implementers of policy at the local level, quite different ideological and professional concepts are relevant. A focus of this research has been identifying which ideological concepts are important to them and how these relate to their perceptions of the relationship between the state purchaser and the non-government agency providers.

Changes in the philosophy and practice of child protection also impacted on social services provided by the non-government agencies. In particular, the emphasis on maintaining children within their own families, kin groups and cultures, rather than removing them and placing them in foster or institutional care has meant that some long established social services provided traditionally by Christian organisations have been discontinued or substantially restructured, and there has been a demand for culturally appropriate care placements and for family/whanau support services, often provided by small local organisations, some of whom have been set up under the terms of the new contracting system. In order to explore the differences and similarities between them a range of different kinds of Child and Family Support Services have been included in the research.

Initials are commonly used to refer to the New Zealand Community Funding Agency (CFA), to the New Zealand Children and Young Persons Service (CYPS), to the Department of Social Welfare (DSW) to Child and Family Support Services (CFSS), and to the Children, Young Persons and Their Families Act (CYP&F Act). These initials are generally used throughout the rest of the thesis.

II. THE RESEARCH

A combination of documentary sources and qualitative fieldwork methods have been employed for this research. The qualitative methods used were semi-structured interviews and participant observation.

RESEARCH QUESTIONS

The overall research question is: What does the relationship between the agencies as providers and CFA as funder mean for the agencies?

There are three major themes within this question:

1. What administrative responses have been made by the agencies in response to the demands of the relationship with CFA, and are, these (perceived as) positive or negative?

2. Which factors are (perceived as) significant in contributing to the survival of agencies in the context of the funding environment?

3. How does the value system within which the agencies provide their services fit with the value base of the funding model?

There are a number of questions and issues to be addressed within these themes:

    i.   What are the perceived advantages and disadvantages of the CFA system of funding compared with other and previous systems?

    ii.   Have provider agencies tailored their services and their administrative processes to fit with the specific CFA purchasing requirements, and how?

    iii.   Has this had a negative or positive effect on the services provided?

    iv.   Are some agencies better able to survive in the current funding environment than others? What makes the difference?

    v.   What are the expectations of and beliefs about the role of government and non-government agencies in the provision of social services are held by workers in both the provider agencies and in CFA?

    vi.   How do provider agencies see and manage their role in the CFA Services Planning process?

    vii.   How do provider agencies and CFA see the CFA Services Planning process working, and how does it fit with their relationships with each other within the purchaser/provider framework?

RESEARCH METHODS

1. Documentary sources and published literature were used to research the policy background and the establishment of the CFA, to identify the procedures in relation to the organisations they contract and fund and the CFA services planning process.

2. Two semi-structured interviews were conducted with seven managers in five Child and Family Support Service non-government agencies funded by CFA, in October and November 1994, following the 1994-95 contracting round with CFA. The interviews focussed on how the policy and practice of CFA

funding has affected their agencies in issues such as organisation and management, provision of services to clients, planning, budgeting and staffing; how this compares with their experience under previous funding arrangements; how they have experienced the CFA's services planning processes and whether and how these need to be conducted differently; how dependent the organisation is on CFA for funding, and how they envisage their service surviving if CFA funding is insufficient; how the managers see, and would like to see, the relationship between government and non-government social service organisations functioning; and their values and beliefs about government and non-government provision of social services.

3.   One semi-structured interview was conducted in November to December 1994 with each of four staff members in the CFA office serving the area, including two in management positions and two frontline team members, or 'outreach workers'. Information was gathered from these public servants in the government purchasing agency on how they perceive the present funding system working, and how it compares with previous funding systems of which they had experience; how they perceive the role of CFA, the providers and others in the services planning process; how they see, or would like to see, the relationship of CFA with the organisations they fund; and on their values and belief systems about government and non-government provision of social services.

4.   I also used participant observation while attending two open liaison meetings between CFA and provider agencies in the area under study, and kept notes on these meetings. This is supplemented by my observation of wider interaction between CFA and CFSS from around New Zealand at a national conference.

5.   Semi-structured interviews were conducted with four 'key informants'. The information they gave me was used to help direct me to appropriate documents, and to guide me in forming the questions I asked; their information is also drawn on in parts of my account of the history of changes within the Department of Social Welfare. These people were approached because they had had close involvement with the funding systems administered by the Department of Social Welfare either within the department or in non-government agencies, or in both, since the early 1980s and could give me information on developments which is not necessarily available in documentary form, and were

able to give perspectives on the changes and what they have meant in both ideological and practice terms. None of them were involved directly in the funding district under study. The interviews with these key informants were less structured than the others in order to give them opportunity to range over material which I might have structured out because of my own ignorance.

6. Because of my own employment as a manager of a Child and Family Support Service in a neighbouring CFA district since 1993, I was throughout the research period immersed in participant observation, as an observing participant. As a part of my work I attended quarterly liaison meetings in my own district with CFA and the Children and Young Persons Service, monthly networking meetings with a group of Child and Family Support Service managers across the whole region, and the national conference of Child and Family Support Services. In my role as a manager responsible for contracting arrangements for my own agency, I was myself in receipt of information from CFA regarding contracting requirements and other procedural issues, and I had my own experience of contracting. I had also worked from 1984 to 1990 in a management role in another non-government organisation which received some funding from the Department of Social Welfare, so I had personal knowledge of some of the policy developments in relation to funding in the 1980s. I have used these personal experiences only indirectly in the writing of the thesis. However, they have contributed to my own perceptions, provided a background of knowledge which will have influenced me in the direction the research has taken, and informed some of the questions I have asked in interviews.

THE SAMPLE

The sample of organisations was selected from the group of Level One Child and Family Support Services approved and funded by CFA in the area, that is, the agencies authorised to provide residential care services for children under the Children, Young Persons and Their Families Act 1989. Some provide multiple services, for example alternative care services for children, social work support, parenting skills, youth day programmes, budgeting, while others provide care services only. Some operate primarily for a specific cultural group, while others serve all cultures. Some agencies exist only in the area under study, while others are part of a larger, city-wide or nationwide organisation. Child and Family Support Services as a group are themselves a sample of the larger group of

agencies who receive CFA funding, which also include counselling services, budgeting services, general information and advice services, emergency services, women's refuge and social services for people with disabilities.

The sample of organisations was selected in such a way that it includes Maori, Pakeha and Pacific Island agencies, small local agencies and agencies which are part of a larger organisation, single service and multiple service agencies, agencies which had been long established and those which had set up only in the period since the Children, Young Persons and Their Families Act in 1989 introduced a legislative basis for the approval and contracting of such services. In this sense it is a 'judgment sample' in that I am using my own knowledge of the research area and the group of organisations to select the sample. The major questions I wish to answer are qualitative ones, that is 'what occurs, the implications of what occurs, and the relationships linking occurrences', and the population is small. Therefore the use of a non-probability judgment sample is appropriate (Honigmann, 1973; Denzin, 1979 pp197-8).

For ten of the last thirteen years I have worked in non-government social service agencies which have been partly funded from Department of Social Welfare funding programmes, and have through several of these years experienced some of the effects of changes in government policies in regard to funding arrangements and in regard to the role of government and non-government agencies. Throughout the research period I was myself employed in a management role in an agency which is contracted to the Community Funding Agency to provide a Child and Family Support Service, under the provisions of the Children, Young Persons and Their Families Act. The agency for which I worked is therefore engaged in a funder/funded relationship with the Community Funding Agency and provides services on referral from the Children and Young Persons Service, so the research topic concerns issues which were relevant to my own working environment. In order to avoid a conflict of interests and the ethical problems associated with studying an area in which I was also negotiating with the Community Funding Agency for contracts, I conducted the research in a different CFA administrative district.

The use of field work with a semi-structured or, in Whyte's terminology, 'freely structured' interview (Whyte, 1982) rather than a survey type questionnaire was chosen because this method allows the informants to present their own

construction of reality in a way that makes sense of their experience, without this being defined for them by the standard wording of the questionnaire. This method is also appropriate since the research is directed at discovering qualitative information rather than quantitative. It allows the interviewer and informants to explore issues further as this seems appropriate, and it allows the information being offered to the interviewer to suggest further questions. However, as pointed out by Whyte, the interview does need to have some structure, in order for the informants to know what to talk about. The interview needs a certain amount of direction, and this varies with the interviewing situation and the problem being studied, as well as with the interviewer's own personality and with the nature of the rapport established with the participants (Whyte, 1982 p112). Since I planned only one or two information gathering interviews with each informant, this meant that the interviews needed to be structured enough to ensure that all relevant questions and issues were covered. Interviews were taped. They were played back several times as soon as possible afterwards in order to capture the non-verbal aspects of the communication, and were later transcribed. Copies of the interview schedules are included in Appendix One.

Denzin discusses four types of observer roles: the complete participant, the participant as observer, the observer as participant and the complete observer (Denzin, 1970 pp189-194). The complete participant role employs covert methods, which implies significant ethical issues (Bulmer, 1980; Warwick,1982). I used a form of the participant as observer role, making known my research interest both to CFA management and to provider agencies in the area. This type is identified by Denzin as the most common participant observation role employed by social researchers, usually involving the researcher entering the research situation and declaring the purpose of the study and proceeding then to establish a participant role. However, my role varies from this in that I was participating in my own district anyway as part of my working role.

In the research design some triangulation strategies were used. In terms of Denzin's classification (Denzin, 1989 Ch 10), there is triangulation both of method and of data - document research and field research, including interviews, collection of information on organisations, and participant observation of meetings and other events. As Denzin points out this involves multiple levels of study of the phenomena, rather than hypothesis testing (in the positivist tradition of scientific method), and produces not necessarily a single consistent picture, but

different 'slices of reality' (Denzin, 1989 p245; Louis, 1984). The advantage of this triangulation is that each method contributes its own kind of information, not that they cancel out each other's limitations (Jick, 1983). The use of induction as a theoretical approach requires that all sources of evidence be considered, which means that statistical and documentary material needs to be considered along with information gained in the field (Denzin, 1970 pp197-8).

Participant observation and other types of qualitative fieldwork have been criticised for lacking both internal and external validity. As Denzin points out, ideally the use of inductive methods overcomes the problems of external validity. It is not held that the organisations studied are representative in every way of all agencies contracting to CFA. Judgment sampling, guided by the research questions, should mean that conclusions generated are at least amenable to comparison with other agencies similarly engaged (Denzin, 1989 p125).

Internal validity is more of a problem for this research. With a maximum of two contacts with informants, I did not have a lot of opportunity to check back with them for consistency after interview and reflection. I needed to make good use second interviews for this purpose.

To further attend to factors affecting internal validity, I needed to be alert to any factors independent of what I was studying which might have impacted on information or conclusions. Both in interviews and in observed meetings I needed to be aware of the possible effect on people's responses of having an observer, or specifically me, present and asking questions and to note all other factors which could affect the behaviour and statements of individuals, such as the nature of the situation, who else was present, and whose etiquette was being followed (Denzin, 1970 p200).

This is not a policy evaluation study, nor a process evaluation. It is primarily a study of the relationships between non-government agencies and the government purchasers of their services, and in the wider sense a study of the changing roles of the government and the voluntary sector in the provision of social services, and what this means to the people who are participants in the implementation of the policy. However, the study is located firmly in a social policy context, and in part aims to examine the impact of aspects of policy, along with other factors, on the non-government agencies. In that sense it makes use of some of the tools of

evaluation research, by considering the policy context (policy space) and recognising the importance of stakeholders, and it aims to achieve the standards set by Guba and Lincoln for 'fourth generation evaluation', which includes judgement and negotiation (Berk and Rossi, 1990; Guba and Lincoln, 1986). I would also hope that the research will provide information which could serve to empower the participants within and around these relationships.

ISSUES OF ETHICS AND POWER

In this section the ethical issues involved in the research are considered in terms of the need to meet the requirements of the Massey University *Code of Ethical Conduct for Research and Teaching Involving Human Subjects*. Other ethical and political issues not addressed by that code are also discussed. The research proposal was submitted to and approved by the Massey University Human Ethics Committee.

Informed Consent

Prior to interviews all informants I approached were given a statement outlining the nature and purpose of the research; the possible risks for them which may accompany participation; and their rights - to decline to participate, to withdraw at any time, to have their privacy and confidentiality protected and to receive information about the outcome of the research. For those who agreed to an appointment a verbal explanation of these issues was given and the opportunity to ask questions of clarification was offered. At least one week was allowed to elapse before they were asked whether they were willing to participate. A written consent form was provided for them to sign.

One agency approached declined to participate. It had been selected because it was in the very early stages of contracting to provide service, this being the first year it would be operating. However for this very reason the agency felt that they were still working out their relationship with CFA and felt they did not know enough about it themselves to want to be interviewed.

An Ethical/Research dilemma

In the course of the fieldwork the research presented me with an ethical/research dilemma. In interviews with three of the agencies, I became aware that I had some information gained in the course of my own networking as a manager,

which they did not have, and which I was aware that other agencies in the area did have. The lack of this information put them at a disadvantage in negotiating contracts. The information was not secret or privileged. They did not have it because they were not participants in the particular networking meeting in which the information was shared, and their CFA outreach workers had not passed it on to them. I decided that as a researcher my responsibility to my informants was to pass that information on to them and thus contribute if I could to their empowerment, rather than to be purist about the research by preserving the situation from contamination by my input.

Biculturalism, Cross Cultural Research and the decision to include Maori and Pacific Island agencies

I considered carefully the issue of the appropriateness of including Maori and Pacific Islands agencies in this research. I acknowledge the power and validity of arguments that researchers should be culturally matched to their subjects if at all possible, that research by a Pakeha on Maori subjects can be a form of cultural colonisation, and that as a Pakeha I was at risk of offending against other cultures' protocols, as well as at risk of missing important information because of my own cultural screen. However, for reasons based in New Zealand's history of colonialism, its economic, social and immigration history and the history of voluntary welfare organisations, all the larger, older non-government agencies in the study area are church-based, Pakeha culture-based organisations, and the smaller, newer agencies are much more likely to be Maori or Pacific Island. Studying only Pakeha agencies would have missed so much information that it would have produced research which prejudiced Maori and Pacific agencies. I consulted with Maori advisors and Pacific Island advisors on whether to do this, and on how best to approach the agencies. I was encouraged by them to proceed. I exercised respect and sensitivity to those other cultures within the limits of my own understanding, but acknowledge that in my research I can only perceive and understand through the filter of my own culture.

III. THE STRUCTURE OF THE THESIS

In order to address the research questions outlined above, I first discuss theoretical orientations on which I have drawn. A review of the debates in the literature on government purchase of service by contract follows. I then discuss the policy context within which the changes in the funding environment have

occurred, outline the history of those changes, and discuss the values and metaphors which have been used to characterise the relationships between the state and the voluntary sector. This is followed by a review of what has been established in the few empirical studies which are available. The findings of my own research are then reported in detail. The concluding chapter discusses what these findings indicate about the meaning of the changes and about the relationship between the state and the voluntary sector, and suggests some directions for further research.

CHAPTER TWO

THEORETICAL ORIENTATIONS AND CONCEPTS

I. AN INDUCTIVE APPROACH TO EMPIRICAL RESEARCH

The substantive policy area under study is one in which there are as yet only the beginnings of the development of theoretical frameworks (Demone and Gibelman, 1989 p60; Kramer, 1994 p33). There is a well developed body of theory in the economics of organisations, which has been used as an economic and organisational rationale for the introduction of the policies which are changing the roles of the government and non-government sectors in the provision of social services. This body of theory has also been used to analyse the economic and organisational risks involved and the measures which might be taken to minimise those risks. In social policy theory, however, relevant theories, concepts and paradigms within which to analyse the dynamics of the changing relationships between the voluntary sector the state have only recently begun to be developed.

As the questions I am asking in this research are qualitative and the research methods are qualitative, I began with an inductive approach, in which information is gathered and subsequently examined in order to identify patterns from which theory can be generated. This contrasts with the deductive method, which uses theory to generate hypotheses, which are then tested empirically (Babbie, 1989 pp39-44). Very little of the information gathered for this thesis is 'hard'; a great deal is information about the participants' perceptions about what has been happening in the policy context and how relationships between government and non-government agencies are functioning; and about their beliefs and values about how things should be. Thus the study is about symbolic interaction, not only between individuals, but also between groups and organisations, and has a concern with ambiguity, process, meaning and history. The appropriate approach therefore is an inductive one which is non-experimental and qualitative.

An inductive approach however does not begin from a theory free position. In

order to approach any empirical data we must first conceptualise. Assumptions, conceptualisations and propositions guide decisions about what kinds of information will be gathered and about what kinds of questions and issues will be pursued. A number of conceptualisations and theories which have been developed in recent years in this social policy area have been useful in thinking about my research, as have the sociological concept of community, and broader theories of the intent and impact of social policy. The empirical material itself has suggested the usefulness of theory from a well established 'grand theory' tradition in sociological theory - the sociology of knowledge. I first discuss a framework for analysing the introduction and impact of social policies. Theories of the voluntary sector, and theories of the changing relationship of the sector to the state are then discussed, followed by a discussion of the contribution of the theoretical approach of the sociology of knowledge to an analysis of the changing ideologies and changing relationships.

II. THEORETICAL APPROACHES TO THE DEVELOPMENT OF SOCIAL POLICY, THE VOLUNTARY SECTOR AND THE STATE, AND IDEOLOGICAL CHANGE

THE AIMS AND CONSEQUENCES OF SOCIAL POLICY

A useful conceptual framework for thinking about the policy context of this study is the paradigm for the study of the aims and consequences of social policy developed by Vic George and Paul Wilding (George and Wilding 1984). They point out that in the formation of social policy there are normally both stated and unstated aims. The stated aims are explicit and overt. Unstated aims may be of two kinds: aims which are explicit for the policy-makers but not stated publicly, and aims which are implicit. Both stated and unstated aims may be held for a particular policy development by the government which introduces it, and by other groups, which may include political parties, non-government agencies, interest groups and so on. The paradigm classifies the consequences of policy according to whether they are anticipated or unanticipated, again by both government and other groups.

George and Wilding argue that:

Conclusions about what are the real aims of policy and about the likely

consequences depend on value judgments and ideological stances, and are related to ideas about the development and functions of social policy (George and Wilding, 1984 p2).

In the development of policy in relation to the provision of social services in New Zealand there has been shifting ground in all aspects of this paradigm, with the stated and unstated aims both of government and probably of other groups changing over the period.

THEORIES OF THE VOLUNTARY SECTOR

Theories of the voluntary sector are of three types: those which attempt to explain the *existence* of voluntary organisations; those which attempt to explain and describe the *functions* of the voluntary sector in modern society; and those which attempt to provide a framework for understanding the *relationship* (and the changing relationship) between the voluntary sector and the welfare state. These have not always made a distinction between the two senses in which the term 'the voluntary sector' is used: in the sense of non-government, non-profit organisations which provide public services, and in the sense of voluntarism and charitable giving - that is, the altruistic giving of time and money for the benefit of others.[1] I am concerned with the voluntary sector in the first sense.

There have been two main theoretical approaches to the voluntary sector - economic theories and political theories, and I shall discuss these in turn. However, the term voluntary sector implies the use of a model for looking at modern society which draws on both economic relations and political relations, and distinguishes between the state (the public sector), the market (the private sector) and the voluntary sector (sometimes called the third sector). Wuthnow suggests a paradigm within which the three sectors are distinguished on the basis of whether activity is engaged in for (personal) profit or not for profit, and whether the legitimate use of coercion is possible. Thus the state sector, or public sector engages in not-for-profit activities, and can legitimately use coercion, the market sector engages in activities for profit and cannot legitimately use coercion, and the voluntary sector engages in not-for-profit activities and cannot legitimately use coercion (Wuthnow, 1991 pp3-9).

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[1] The inadequacies of economic theory to accommodate these altruistic behaviours and an attempt to develop such theory has been explored by Sugden (Sugden, 1984).

Economic Theories

These are drawn from two traditions in economic theory: Public Goods Theory and Contract Failure Theory. The latter is concerned more with how and why consumers of services may feel unable in certain circumstances to trust firms in the private sector to provide a quality service, and therefore prefer to use a non-profit organisation, where there is no personal profit incentive present for those providing the service to provide a poor quality product. Where consumers do not have sufficient information available to them to be able to evaluate the service they receive the normal 'contract' mechanisms of the market are not operating, hence 'contract failure'. It is proposed that a non-profit organisation will arise in such a situation (Hansman, 1987). As Kuhnle and Selle point out, this theory does not explain why a voluntary organisation is trusted rather than a government service, nor does it explain the existence of the *sector* though it may at times be helpful in understanding why a particular organisation is formed (Kuhnle and Selle, 1992).

Public Goods Theory explains the existence of the voluntary sector by the failure of either the government or the market to provide. When the market fails to provide 'public goods' which are required, the government provides them. However, there may also be government failure, because governments will tend only to provide goods to the extent that this will be supported by the electors. The voluntary sector then provides the residual services required, as a supplement to government (James, 1987). James further argues that the voluntary sector may in fact be the provider of choice for consumers, because of their particularistic nature, serving particular populations or interest groups, as against the universalistic nature of government services (James, 1987).

These economic theories have been criticised by Salamon and by Kuhnle and Selle, as proving inadequate to explain the complex inter-relationship between the state and the voluntary sector - why the government would choose to use public funds to support voluntary organisations, or to regulate the activities of voluntary organisations, why the government role has increasingly been focussed on policy formulation while the voluntary sector has expanded in the implementation of policy. The theories may provide part of the explanation, but they provide no comparative framework for explaining the variation in the size or activities of the voluntary sector in different countries, without resorting to non-economic

variables (Kuhnle and Selle,1992 pp19-22; Salamon, 1987 pp108-112).

The 'Public Agent' theory has provided a model for policy development. In the Public Agent model the public sector uses the private sector as its instrument. Public funds are directed to the private sector in the form of contract, grants, subsidies or voucher systems for the purchase of public services or goods (Kamerman, 1983 p6). As discussed in Chapter Three, agency theory, as developed within the new organisational economics, has provided the main rationale for the state sector reforms in New Zealand with their emphasis on increasing purchase of public goods by contract.

Political Theories

Probably the earliest political theorist on the role of the voluntary sector was Alexis de Tocqueville, who wrote of the importance of voluntary organisations in a democracy (nineteenth century America) as a more personal or communal form of association than is found in the hierarchical relations of government or in the competitive relations of the market, and which performed tasks which in European nations people expected the government or the elite to perform. They also provided an outlet for the expression and embodiment of important communal values to do with caring and spirituality, and provided structures which would protect democracy against excessive government control (de Tocqeville, 1835 [1945]). Political theories for some time were concerned more with this mediating function of voluntary sector, and less with its function as a provider of services.

Various metaphors have been used to describe how the provision of social services by the sectors related to each other. The 'Extension Ladder' model sees the public sector as responsible for minimum level provision for all, with the private sector (including both for-profit and not-for-profit organisations) providing supplementary assistance. In the 'Parallel Bars' model, the private sector is seen as doing everything the public sector does, but better. The private sector is seen as innovative, as setting and monitoring standards of service, and as advocate for client needs (Kamerman, 1983; Kramer, 1981). Neither of these models accommodate the increasing interpenetration of the voluntary sector and the public sector.

THEORIES OF THE CHANGING RELATIONSHIP BETWEEN THE VOLUNTARY SECTOR AND THE STATE

Theories developed within a political economy approach may provide the basis for a more comprehensive and dynamic understanding of the changing relationships.

There has been a tendency by theorists in the 'liberal tradition' to assume that there is a basic tension or conflict between the voluntary sector and the state sector, and to see the increasing economic dependence of the voluntary sector on the government as destroying its autonomy (Salamon, 1987). This approach assumes that the state is necessarily large, rigid and monolithic in its bureaucracy, and therefore dehumanising.

This view is attacked by Salamon, by Kramer and by Kuhnle and Selle, who reject it as a 'longing for a golden age'. They all emphasise that there has been a long history of co-operation, integration and mutual dependence between the state and the voluntary sector (Salamon, 1987; Kramer, 1987; Kuhnle and Selle, 1992). However, neither should we under-emphasise the dramatic nature of the changes which are currently happening in the relationship and which are transforming it into a commercial relationship.

Salamon proposes a theory of Voluntary Sector Failure, which argues that the voluntary sector is in fact the preferred mechanism for the provision of collective goods, and government provision is only required when the voluntary sector fails to provide, for instance where private philanthropy fails to provide sufficient funds (Salamon, 1981;1987). He argues that the voluntary sector has exceptional abilities in the provision of human services, yet has difficulty attracting sufficient private philanthropy, and it is deficient in the universality and equity of provision which it is a responsibility of democratic governments to ensure is provided. Therefore it is in the interests of both the state sector and the voluntary sector to co-operate. Out of this work Salamon developed his theory of 'Third Party Government' whereby the state pays providers from other sectors to deliver services, implementing government policy through a 'third party'. Thus the advantage is gained of a democratic process in the setting of priorities for government expenditure, together with the advantages which Salamon says the voluntary sector brings, of small, innovative organisations close to their

communities, providing services without the costs of monstrous bureaucracies (Salamon, 1981; 1987 pp110-111). Taking a political economy approach, Salamon developed a set of five pairs of paradoxical hypotheses as a framework to analyse the interplay of political and economic issues affecting the decisions to use the common strategies or tools of third party government. These addressed the tensions between the greater political acceptability of indirect provision and the greater difficulty in ensuring that government goals are attained; between the greater fairness and ease of implementation of 'automatic' or universal strategies and their greater chance of failure to achieve targets, greater leakage of benefits and their lesser political acceptability; between the greater ease of administration and attractiveness to consumers of cash benefits and the greater political acceptability of in-kind services; between the difficulty in managing and controlling benefits whose costs are less visible and the greater attractiveness of these to their beneficiaries; and between the ease of administration and increased efficiency of using programme performance measures rather than programme design regulations and the greater opposition to this strategy from those administering the programme (Salamon, 1981 pp 255-275). Salamon's paradoxes are more useful for analysing the value of various purchasing strategies to government than in analysing the changing relationship with the voluntary sector.

Smith and Lipsky reject both the market failure theory and the voluntary failure theory as inadequate, as neither explain why a non-profit organisation should 'emerge', just because there is a need in a community for a service. They argue that there is in fact a very complex relationship between social service needs, market provision, voluntary provision, government provision, government policy, and the costs and benefits perceived in setting up an organisation (Smith and Lipsky, 1993 pp26-32).

Kuhnle and Selle are concerned to develop theory which is useful cross-nationally in the study of the role of the voluntary sector. They propose a paradigm within which to categorise the various patterns of relations between government and voluntary welfare service organisation in different countries, with variation occurring in two dimensions: the nearness or distance between the state and the voluntary sector in terms of communication and contact, and the dependence or independence of the voluntary sector from the state, as illustrated in Figure 1.

Within this paradigm the voluntary sector in New Zealand would probably be placed between Integrated Autonomy and Integrated Dependence. In order to explain the different locations of different countries within this paradigm Kuhnle and Selle propose that the historical, social, cultural, religious and economic factors specific to each setting must be examined.

NEARNESS ◄————————————► DISTANCE

Communication and Contact

		DEPENDENCE
Integrated Dependence	Separate Dependence	
Integrated Autonomy	Separate Autonomy	

Finances and Control

AUTONOMY
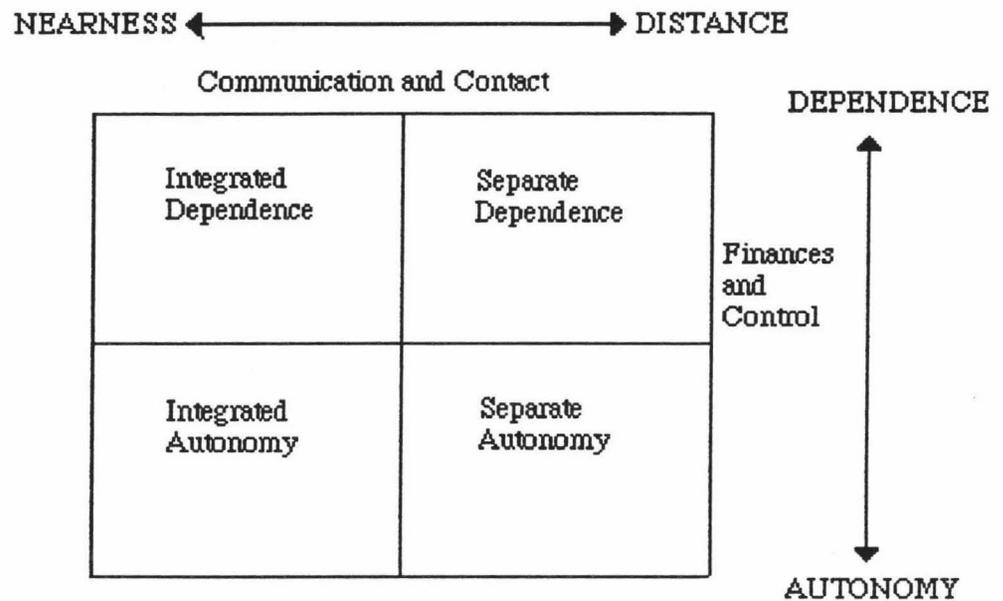
Figure.1. Relations between government and voluntary welfare service organisations (from Kuhnle and Selle, 1992 p30).

The paradigm can also be used to analyse and describe the relationship between a particular non-government agency and the state, as I will show when discussing the agencies in this study. However, it will be important to use the paradigm as a pair of continua, rather than as four discrete categories of types of relationship between agency and state.

Rather than develop theory to explain why the voluntary sector exists, Smith and Lipsky offer a functional theory: that non-profit agencies can have three functions in the modern state - they can supplement government provision; they can reinforce prevailing government policy, and they can serve as a vehicle for the delivery of what is in effect enlarged government provision of services. They argue therefore that:

The relationship between non-profits and the government and market

sectors is of key importance to the determination of the shape of the non-profit sector. This means that major changes in the relations will affect the quantity and role of the non-profit sector in society (Smith and Lipsky, 1993 p37).

Thus if relations change so that the non-government agency is to a greater extent the agent of government, supported by public funds, this may curtail political lobbying on behalf of client needs or on wider social issues. Also, as some organisations are set up specifically because government funds are available, even though the motivation of founders for setting up may be as much a manifestation of community as if they were not government funded at all, nevertheless the relationship of the organisation to its community will be largely dependent on its relationship to government (Smith and Lipsky, 1993 p40). Smith and Lipsky develop a descriptive model for identifying types of non-profit agency and make use of the theoretical concept of the 'Contracting Regime' as the context of meaning within which the relationship between the non-profit sector and the state exists and changes.

There are three 'types' of agency in Smith and Lipsky's typology:

Type 1 Agencies are the traditional voluntary agencies, often large and with a long history. They will often have considerable independent funding sources, in the form of trust funds, bequests and a pool of donors. These agencies in recent decades have been increasingly providing services which have received some government funding, and are now involved in contracting with government to do so.

Type 2 Agencies are those which have been specifically up in response to the availability of government funds to run them under contracts. They have usually been in existence for a very short time before being contracted.

Type 3 Agencies are those which are local, usually small, set up in response to a perceived local need. They are typically shoestring operations and may be shaky financially.

The Type 2 agencies tend to be highly responsive to the government agency for whom they were set up, and to be rule bound. The impact on them of the shift to government purchase of social service by contracting is modest, because that is the context in which they were set up.

Type 3 agencies tend to be run and staffed by volunteers. They resemble

government the least. These are the agencies which have to make the most pronounced shifts when they become involved with government in a contracting relationship, and they tend to be the agencies most involved in conflicts with government (Smith and Lipsky, 1990 p 629; 1993 pp38-40).

Smith and Lipsky propose that in terms of these responses there is in fact a continuum between Type 2 and Type 3, and that responses from Type 1 agencies vary depending on the circumstances and the structure in which the contracting relationship develops. The usefulness of this typology in relation to the non-government agencies included in the present study is discussed later (Chapter Eight and Chapter Nine).

CONTRACT CULTURE AND CONTRACT REGIME

Various models, often based on metaphors drawn from other disciplines, have been used to conceptualise the context in which the contracting relationship between government and the voluntary sector develops.

The term 'contract culture' has been in common usage in Britain, and Kramer equates the term to Smith and Lipsky's concept of a 'Contract Regime' (Kramer 1994 p57). Smith and Lipsky use the term 'regime' to indicate a set of stable relationships which transcend common practice, which exist in spite of the absence of formal acknowledgement of their existence, and reveal assumptions which are held about the way the world works:

> ...a set of principles, norms, rules and decision-making procedures around which actor expectations converge in a given issue-area (Smith and Lipsky, 1993 p43).

Non-profits and government may be operating internally according to different values and objectives but with respect to each other they act according to the expectations of the contracting regime. The regime consists of regularised patterns of interaction between disparate organisations.

Under the previous regime a voluntary organisation may have set up in response to a perceived social problem, without any specific expectation that government would give financial assistance; or government would set up a programme to address the problem. Under the contracting regime when a social need is

identified the government looks to the voluntary sector to enter into a contract to provide a programme to meet it. There is a degree of mutual dependency and a degree of continuity involved in the regime. The government is dependent on the continuing ability of established agencies to provide the services, and the agencies depend on the contracts being renewed by government. The regime is different from a market: it relies on long-term relationships rather than the episodic relationships of a market. There is rarely any true competition among providers nor a pool of potential purchasers as in a market. Agencies are under pressure to secure and maintain their funding; therefore they must weigh up the extent to which they can dissent from government policy. The more securely tied to government they become, the more they are reflective of public sector priorities rather than the community values they reflected in the past (Smith and Lipsky, 1993 pp 43-45).

The concept of a contract regime or a contract culture is crucial in the understanding of the way disparate values and ideologies are being managed both by the agency managers and the government contracting staff in the present study. I use the term 'contract culture' when referring to the values and norms which accompanying contracting, the 'contracting system' when referring to the mechanisms of contracting, and the 'contract regime' to include both of these.

THINKING ABOUT IDEOLOGIES AND CHANGE: THE CONTRIBUTION OF THE SOCIOLOGY OF KNOWLEDGE

It was only as the research for this thesis proceeded that it became obvious that I was observing a process in which participants were at the same time both influenced by and participating in the creation of new ideologies, norms and values about the voluntary sector and its relationship to the state. It became apparent that the broad theoretical approach of the sociology of knowledge was helpful for thinking about this process, a process in which the everyday language and concepts of the participants were changing, as much as the structural relationships between the state and the voluntary sector. This theoretical approach was not drawn upon in the research design; the empirical material itself suggested its usefulness. In the literature on the voluntary sector, one writer, Robert Wuthnow, has drawn on this approach in developing theory with a comparative perspective.

The term the 'sociology of knowledge' was introduced by the German sociologist, Max Scheler, in developing a theory which refuted the Marxian notion that economic conditions and class structures determine or generate social ideologies, with the ideology of the controlling class being dominant. The theory was expounded further by Karl Mannheim, Werner Stark, Robert Merton and Peter Berger. The core concept is that ideas as well as people are socially located, and that there is an interactional relationship between ideas and existential factors. It is a theory which is functional rather than causative: it explains the relationship of real social phenomena (institutions, interactions, structures) and ideas (ideologies, values, belief systems) in the sense of bringing out the meaning in their interaction, rather than in the sense of accounting for their existence. Berger and Luckmann broadened the focus from theoretical thought to the commonsense knowledge of their world which everyone constructs and draws on in their everyday lives. (Mannheim, 1946; Stark, 1958; Berger, 1963; Berger and Luckmann, 1971).

Language is the most important means by which we symbolise and communicate ideas, knowledge and experience to ourselves and each other. Social structural change itself influences and changes the way we discourse about our social reality and represent it to ourselves.

Robert Wuthnow has developed a model of 'cultural change' (by which he means change in the dominant ideology and value systems) which emphasises the dynamic interaction among economic conditions, state structures and ideological movements. He has applied this model in a sociological approach to history[2] and also in an analysis of the changing relationship of the voluntary sector to the state (Wuthnow, 1989; 1991). Wuthnow posits that there is not a simple unidirectional impact of social conditions on ideology, but an interactional process. Features of the general social environment affect specific institutional contexts in which ideologies are produced; there are processes within which selection occurs between competing ideologies; the ideologies become institutionalised and powerful in themselves. They may bear only a loose connection to the social conditions which facilitated their development, and may achieve a lasting effect through the form and content of public discourse. By

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[2] His position is developed most fully in his historical study, *Communities of Discourse: Ideology and Social Structure in the Reformation, the Enlightenment and European Socialism.* (Wuthnow 1989).

'public discourse he means 'the process of arriving at collective values' not just political debate. Collective values are:

> ...the arena of questions about the desirable in social conduct: How shall we live as a people? What do we hold as priorities? To what ends shall we allocate our time, our energy, our collective resources? Where do we locate hope? How do we envision the good? (Wuthnow, 1991 p22).

Sometimes we debate these matters openly. More often they form the underlying premises for the more practical debates which dominate the development of social policy.

The approach of the sociology of knowledge has generally been used to explain macro-level changes and comparisons between historical epochs. How does all this relate to a very small scale ethnographic study? The changing relationship between the state and the voluntary sector in the contract culture involves a mixture of actual social experience and a conceptual re-working of that experience. The participants in the process do not necessarily work from or develop a coherent conceptualisation to represent the social reality to themselves. Rather they use their knowledge compartmentally, drawing on whatever concepts and ideas fit their reality best in specific social circumstances. Some participants are more explicit about the ideas and values they hold than others; some are uncomfortable about internal contradictions and some are not. The use of metaphorical, value-laden and emotive language in the discourse about the relationship between the state and the voluntary sector, in terms such as 'partnership' and 'community', without defining the contradictions too finely, helps to keep communication going and enables all the parties to agree to change, without necessarily agreeing about what the changes should be or what they mean in the relationship.

III. CONCLUSION

While my theoretical approach to this research has been inductive, a number of theoretical orientations and concepts have guided the process. It will be seen that George and Wilding's paradigm of the diverging aims and consequences of social policy is helpful in understanding the policy context. Theories which address the changing relationship between the voluntary sector and the state are more useful for this research than those which attempt to explain the existence or the functions

of a voluntary sector. Kuhnle and Selle's paradigm for categorising the various patterns of relationship and Smith and Lipsky's typology of agencies are useful for analysing the similarities and differences between the experiences of the five agencies. The concepts of a 'contract culture' and a 'contract regime' help describe the context in which the participants are operating, and the sociology of knowledge provides a broad theoretical framework within which to think about the the way changes in language, ideas and social reality interact with each other in the development of new set of cultural understandings about the voluntary sector and the state.

In the following chapter I review the debates which have dominated the emerging literature on contracting for social services.

CHAPTER THREE

CONTRACTING FOR SOCIAL SERVICES: DEBATES AND ISSUES

I. INTRODUCTION

Purchase of service by the state rather than direct provision, and contracting as a means of purchasing them, have increased markedly across a number of western democratic nations over the last twenty years.   Transferring funding, by means of contracting, for some of the services formerly regarded as the domain of government developed earlier in the United States than elsewhere, so there is a somewhat larger literature relating to the United States' experience. The practice started much more recently in Britain, in Australia and in New Zealand; but there is an emerging literature in these countries now, and some comparative studies which include information from other European countries are also available. The nature of the changes and developments have varied widely in their form, but common issues have been raised.

There has been some tendency in the literature to generalisation; except for a very small number of ethnographic studies, even in literature which is supposed to be based on empirical research it is sometimes difficult to distinguish between empirical findings and non-empirical generalisations. As Kramer points out in a recent review, while literature on operational problems in contracting and on strategies for managing these is more empirically based, literature about the impact and consequences for the delivery of services, for the government and for non-government agencies tends to consist of generalisations

> ...inferred from findings that are often equivocal, anecdotal, or impressionistic. There are few longitudinal or comparative studies: most research is based on very small samples, over short periods of time and in selected fields of service and political settings (Kramer, 1994 p 42).

The present study is another such based on a very small sample over a short period. Kramer does however propose that these studies can be used as the basis for developing a series of hypotheses for further research and for sensitising policymakers and managers, so that the possible outcomes are taken into

consideration when decisions are being made to contract. In this chapter I outline the debates and issues which have been raised about contracting for social services. Where findings are clearly empirically based I discuss these in the review of empirical literature in Chapter Five.

II. DEBATES AND ISSUES

A number of issues are raised in the literature - issues affecting the government as policy maker and the government as purchaser, issues affecting the voluntary sector and issues of wider political impact. Much has been written has been in the form of debates about the policies: their ideological base; their justification or lack of it; advantages and disadvantages for the various players; implications for the state, for the voluntary sector, for the relationship between them and for the meaning of democracy. There is also a body of literature more technical in approach, which does not enter into debate about the value of contracting for social services, but identifies the dynamics involved in the processes, the operational difficulties and how these might be addressed. Both economic theories and political theories have been drawn on in discussions. Some writers question the whole validity of contracting for social services (Walker, 1984), while others argue that the practice is accepted by both government and providers, that even if there are serious flaws, it is here to stay and its usage is likely to increase, and that therefore the task now is not to debate the issues from an ideological perspective, but to work harder at getting the process right (Ascher, 1987; Demone and Gibelman, 1989; Donahue, 1989; Verna Smith, 1994; Kramer, 1989).

WIDER POLITICAL IMPLICATIONS

A number of writers in the debates have raised questions to do with the wider political implications and meanings of contracting for issues of governance. There are several themes: the interpenetration of the public sector and the voluntary sector; the political limitations of government by contract; and the potential erosion of government responsibility.

The voluntary sector and the state sector are seen to be becoming so interpenetrated in terms of funding, administration, service delivery and policy

objectives that the boundaries between them are blurred (Smith and Lipsky, 1993). It becomes unclear whether the public can be guaranteed fundamental rights when services are contracted out. In terms of wider accountability of government to the electors, what happens when things go wrong? In agency theory terminology, is it the responsibility of the government as principal or of the provider as agent? (Martin, 1995 p 40-41). How can the public be assured that services will be available in the universal equity based way which democracy implies?

The issue is raised by several writers that government is more than the provision of services, and that there should be continuing concern that contracting out of social services can lead to an erosion of the responsibility of government to govern (Smith and Lipsky, 1993; Kramer,1989 p110). John Stewart comments that while contracting has a powerful symbolic appeal because of its association with market type relations,

> ...the role of contracts in the public sector cannot be judged by criteria drawn from the private sector. They have to be considered against criteria grounded in the process of government (Stewart, 1993 p10).

There are certain values which are realised in public provision which are not realisable by non-government providers, such as equity, citizenship, community, and democracy (Stewart, 1993 p11; Martin, 1995 p 41). Stewart argues that the process of government cannot be reduced to a series of contracts. In the traditional system of direct government provision there was a tendency for the government to advocate for its own bureaucracies rather than for the community which elected them, and to regard quality as implicitly ensured by control hierarchies rather than to monitor for quality. However, doing the direct service means the government is exposed to learning about what service is effective and appropriate, and enables government to make flexible responses. Contracts are by their nature limiting but the political process is unlimited. To reduce government provision to contract

> is to limit the process of learning, of responding to change and of changing that is at the heart of governing (Stewart, 1993 p12).

Smith and Lipsky argue that the voluntary sector is not simply the means to deliver public services, but is becoming the instrument by which government policy is being implemented, delivered, explained and interpreted to the public.

They use the term 'street level bureaucrats' to describe the role they see the staff in the voluntary sector now performing. It is they who meet the clients, explain their entitlements to services and what limits there are on the services, and in their client contact they plan their interventions in such a way that outcomes will be amenable to measurement systems required by the government in their agency's contract (Smith and Lipsky, 1993).

Wuthnow raises the wider question still of how the new structure and relationships affect the way we conceptualise our political reality. He draws on Habermas' work on the impact of the state and the market on discourse about collective values, their 'colonisation' of the 'life world' in which people live and shaping of the ways people think, as a way of sensitising our approach to the voluntary sector and its relationship to the articulation of collective values (Wuthnow, 1991 pp12-15). He concludes that there are limits placed on the quality of public discourse imposed by the interpenetration of the voluntary sector by both the government and market, as questions of efficiency, practicality, cost-effectiveness, instrumental rationality and expedience dominate. Accountability for the use of public money means that goals and objectives of voluntary agencies are narrowed, the services offered become defined by what will be purchased and by what can be explicitly measured, measurable results take precedence over less measurable outcomes, and the focus is on efficiency in order to win contracts. This means that voluntary agencies are contributing to a societal value system in which keeping the cost of services down becomes more important than providing quality services. He says that the voluntary sector has been valued because it symbolises a more personal or communal form of association than is found in either hierarchical or competitive environments, but that the voluntary sector is coming more and more to resemble the state and the market sectors, becoming more bureaucratised and centralised, 'simply another manifestation of cold rationality' (Wuthnow, 1991 pp294-295).

ISSUES FOR THE GOVERNMENT PURCHASER

The areas in which contracting is said to have benefits for government are in lower costs, increased effectiveness and higher quality of service. Provision by non-government agencies is said to be of better quality because of greater flexibility, innovativeness, and ability to serve specific populations (Kramer, 1987; Fulcher et al, 1988). Salamon summarises the problems for government as

deriving from imperfect control over the public goods purchased, from the absence of meaningful competition among providers and from the problems of effective measurement for accountability (Salamon, 1987).

Efficiency and Cost

One of the main arguments in favour of the shift from direct government provision to contracting non-government agencies to provide services has been that these are ways to reduce cost and increase efficiency. Treasury advice to the New Zealand Government in the 1980s (see Chapter Four below) drew on the 'Public Choice School' of criticism of state provision to argue that bureaucrats in following their own interests will tend to work towards extending their own power, pay and conditions within the bureaucracy and towards increasing the budget allocation for their section or to oversupply, rather than working towards reducing costs and increasing efficiency; that there is no market operating to discipline or reward their managers and no incentives to conserve resources; and that they are open to capture by client groups (NZ Treasury, 1987; Goldfinch and Roper, 1993).

Many writers agree that the argument is supported by the evidence (Easton, 1989 p50; Martin, 1995; p37). Others have questioned whether there is any real evidence to support the claim that contracting the voluntary sector is any more efficient, or any less bureaucratic than direct service by the public sector (Ascher, 1987 pp247-253; Gurin and Friedman, 1993 p319). Walker argued that contracting out may mean that there is replication and duplication of services which may therefore mean that resources are wasted (Walker, 1984 p 34). It has also been noted that while direct spending on services may decrease, indirect spending may increase, including the cost of specialised bureaucracies to handle the contracting processes (Gutch, 1992; Mowbray, 1993).

Kate Ascher points out that there is no evidence that bureaucrats are all motivated by budget maximisation; that in fact in Britain there have been widely varying responses to the reforms from bureaucrats, with some of them actively supporting the reforms (Ascher, 1987 pp250-251). She also questions whether there is any clear evidence that even private for-profit providers are always more efficient. She draws on the Theory of the Firm to demonstrate that there may be a bias in any organisation towards internal /hierarchical provision, because of a tendency to look internally without comparing costs, because programmes tend to persist

beyond their usefulness and because internally people may tell others things they want to hear; and this can lead to inefficiency because the absence of competition means the provision is uncontested. However, she lists compelling reasons for providing internally even if this is less cost efficient (Ascher, 1987 pp255-258).

The question has also been raised whether market principles can be said to be operating in the social services contracting environment at all: since the consumers of the service, the clients, are not the purchasers, the normal flow of information required for market principles to operate may not exist (Salamon,1987). Also, there is rarely true competition between provider agencies, and government, as much as the providers, becomes dependent on contract renewal with already contracted agencies.

Assessing whether indirect provision is less costly for the government than direct provision is fraught with difficulties in measurement, in controlling for all the variables in size, organisational form, information systems and service models. Costings cannot be compared across different sectors and cannot be extrapolated from one service industry to another (Kramer, 1994 p43). Kramer comments:

> The conventional wisdom is that most of the cost savings in POSC[1], at least in the short run, come from the use of lower-paid and part-time staff, as well as from unpaid volunteers, who are not entitled to the same package of benefits received by civil service workers.In the long run , however, there is a tendency for such costs to increase, particularly as non-profit organisationsbeconme subject to the same rules and standards of governmental agencies (Kramer, 1994 p44).

Effectiveness

Kramer suggests that the *how* of delivery of service may be more important than *who* delivers it, that is that organisational variables such as size, age structure, complexity, core technology, degree of bureaucratisation and professionalisation are more significant in determining cost, effectiveness, quality and accountabililty than whether the service is delivered by a government agency or a non-government agency (Kramer, 1994).

There have been suggestions that non-government agencies engage in 'creaming', that is taking only the least difficult cases, and therefore appearing to have higher

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[1] POSC - Purchase Of Service by Contract.

success rates (Walker, 1984; Fulcher et al, 1988; Smith and Lipsky, 1993 pp199-200). Alternatively it has been suggested that government agencies 'dump' their most difficult clients on to non-government agencies. Kramer claims that there is very little evidence to show that any of this is happening (Kramer, 1994 p45).

Accountability: Monitoring, Measuring, Evaluating

Accountability is one of the most problematic aspects of contracting. It was raised as an issue of concern in New Zealand when devolution was first proposed in the 1980s (Martin and Harper, 1988). Because the consumer of the services, the client, is not the purchaser the normal discipline of the market does not operate. There is also no simple process whereby the provider is subject to accountability to the purchaser who is then accountable to the public. The performance of the provider cannot be monitored and enforced in the same way as delivery of service can be when controlled by command and hierarchy within a government department (Fulcher et al, 1988; Stewart, 1993 p11; Martin, 1995; Gregory, 1995).

In order to ensure accountability, there need to be agreed systems for monitoring the performance of the provider - that the services contracted for have been provided in the quantity required (output monitoring), that they have achieved desired results (outcome monitoring) and that they have been delivered to the standard required. Difficulties of meaningful measurement of these factors in social services provision are widely recognised, outputs being easier to specify and measure than outcomes, outcomes easier to specify and measure than quality evaluations (Demone and Gibelman, 1989 pp325-329; 360-370; Rivers and Williams, 1991; Smith, 1994 p73; Gregory, 1995; Martin, 1995; Trebilcock, 1995 p14). Jansson points out that in order to overcome some of the difficulties with monitoring, staff involved in writing contracts should be highly trained so that appropriate kinds of controls and measures are built in to them (Jansson, 1989 pp343-359).

Robert Gregory has made an important contribution to this discussion. He suggests that a broader range of scholarly inquiry than organisational economics be drawn on to attend to issues of accountability, responsibility and corruption. Gregory distinguishes between accountability and responsibility.

> ...there has emerged a huge contrast between the fulsome attention paid
> to accountability and the very sparse consideration of
> responsibility....they represent two concepts which, while related,
> embody different ideas about the behaviour of public officials.
> Accountability...is about the need to give an *account* of one's actions...if
> work cannot be seen it cannot be properly supervised.
> ...responsibility...is to be understood not as a formal, externally imposed
> duty but as a felt sense of obligation. It is not 'upward-looking', in a
> hierarchical sense, but may be experienced as a pull in other directions, to
> a number of 'significant others' (Gregory, 1995 pp59-60).

Using a paradigm devised by James Q. Wilson,[2] Gregory critiques the thrust of the state sector reforms in New Zealand which involved conceiving of all public tasks as if they were or could be made into production tasks. Wilson's paradigm distinguishes four types of organisations providing public services: production (eg mail delivery), procedural (eg policy advice), craft (eg law enforcement) and coping (eg social work). These different kinds of tasks vary in whether their *outputs* are observable or not, and in whether their *outcomes* are observable or not. Production tasks have both observable outputs and observable outcomes. For coping tasks, on the other hand, neither outputs nor outcomes may be observable. Treating them as if they were production tasks could actually encourage behaviour which is accountable, but not necessarily responsible, and may even be corrupt (Gregory, 1995 pp 56-72).

On the difficulty of measuring social service provision, Smith and Lipsky comment:

> But most services cannot be judged on the basis of decisive client
> outcomes. They cannot be standardised in their treatment approaches,
> nor can auditors effectively intrude into the interactions between workers
> and clients to determine whether decisions were made appropriately and
> were consistent with existing policy .....
> What happens to contracting when one party cannot know whether it is
> getting the value for which it pays? (Smith and Lipsky, 1993 p 200).

Because both the outputs and the outcomes of social services are not observable by the purchaser in the contract environment, the government ultimately is reliant on the professional integrity of the workers and the managers in the provider agencies to deliver quality services, and to report accurately on them.

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[2] Wilson, J. Q. (1989) *Bureaucracy: What Government Agencies Do and Why They Do It*, New York, Basic Books, quoted in Gregory, 1995).

Because of these difficulties 'perverse incentives' may be built in to contracts. Contracting for *outputs* may encourage providers to maximise the provision of outputs when this may be in conflict with good practice.[3] However, contracting for *outcomes* may also provide perverse incentives, encouraging agencies to limit their client intake to those most likely to achieve the required outcome, possibly avoiding those in most need; it provides no reimbursement for the varying amounts of work put in to achieve the required outcome for different clients, and with those clients who do not achieve the outcome (Roberts and Gennaro, 1989 pp228-237).

Equity Issues

A major issue for government in relation to service provision concerns the difference in orientation in their objectives between non-government agencies and government. The primary value for democratic government is equity in provision. There may be complex rules limiting clients according to eligibility but the aim of such targetting is expressed as the pursuit of equity. Non-government agencies, however, emphasise responsiveness to their specific target population. They tend to avoid complex entry screening, trusting the client's word on their needs. They may limit the client pool in terms of effectiveness, choosing only to work in a service area in which they know they can be effective. This responsiveness has been regarded as an advantage of non-government provision. However, it is pointed out that there is a trade-off, with a loss of equity in provision (Martin, 1995; Trebilcock, 1995 p23). Government purchasers may try to avoid this by doing community needs analyses and issuing requests for proposals for services to meet identified needs. However, unless the purchaser actively engages in development work there are no assurances that the voluntary sector will automatically produce a service to meet needs. Thus communities may be serviced extremely inequitably across the country.

Walker critiques the moves away from government provision as a political process in which equity has been sacrificed for efficiency (Walker, 1984). Kramer concludes that use of the voluntary sector is no substitute for services that can best be delivered by government, particularly in situations where equity,

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[3] This is relevant to the contracts in NZ for *outputs* of bednights of residential care for children. A priority for good practice is that family work is done in which the family is strengthened or family support networks are developed so that the need for care is minimised. Where the funding is based on the number of bednights provided there is theoretically a disincentive to do the family work (see below, Chapter Four).

universal coverage and entitlement are highly valued (Kramer, 1994).

Advantages and Disadvantages for Government

Kramer summarises the advantages and disadvantages of contracting for social services for the government. The advantages are that it extends the limited resources of government; provides services without appearing to increase the size of the government sector; allows for targetted specialised services to be provided to specialised client groups; it is cheaper because it allows for the by-passing of government sector human resource conditions and salary levels which are likely to be lower in the voluntary sector; it is cheaper also because the voluntary sector costs are kept lower by charitable donations and some volunteer labour (Kramer, 1989 p101).

The disadvantages are that it is difficult to maintain standards; it is difficult to specify outcomes, so that what is easiest to count gets counted; to counter this there may be over-regulation; equity may suffer because service is dependent on non-government agencies (which may have a monopoly); there may be fragmentation, lack of co-ordination; and political pressure groups may be able to influence the distribution of funds through contracting (Kramer, p102).

ISSUES FOR THE VOLUNTARY SECTOR

The major questions raised for the voluntary sector providers are summarised by Salamon as issues of autonomy and dependence; the pressures of vendorism, encouraging agencies to concentrate their efforts on providing service in fundable areas; and increasing pressures on agency management to meet the standards, administrative tasks and monitoring requirements of contracts (Salamon, 1987 pp113-117). Others have also identified the impact on the agencies of the contracting and contract renewal processes, and the inequitable effects on larger and smaller agencies (Waine, 1992; Yeatman, 1995).

Autonomy and Dependence

The issue of whether the increasing financial dependence of the voluntary sector on government limits the autonomy of non-government agencies is a recurrent theme in the literature. It is pointed out that there are considerable attractions in contracting with government. The funding may appear to bring more certainty to agency budgets than depending on grants and donations. Within the agency

systems and services are then developed which depend for their existence on the government contracts being renewed. Agencies which have set up specifically because the funding is available (Smith and Lipsky's Type Two agencies) may be totally dependent on the government purchaser (Smith and Lipsky, 1993 p146).

Autonomy Regarding Services Provided

Positive effects of government contracting noted in the literature are: that it may encourage traditional agencies to diversify the services they provide; that the innovative potential of non-government agencies may be more effectively realised because of opportunities to access contract funds for new services if the government is looking for providers in a new area; and that greater homogeneity of standards and services can be achieved where all are subject to the same monitoring and controls (Smith and Lipsky, 1993 p 132-134).

Negative effects noted are that the agencies lose control over their service programming which is controlled more by regulations and requirements of the government purchaser: some of the innovative and particularistic qualities for which the voluntary sector is valued may be lost in more uniformity of programming. The government's regulations may also exercise control over the client base. Conforming to regulations and standards in some instances will require facilities to be upgraded, which may mean less money is available for innovative programmes (Fulcher et al, 1988; Smith and Lipsky, pp135-146).

The possibility of 'goal succession' is raised. Agencies may become opportunistic, changing their goals in order to contract for the services which will be purchased: survival as an agency becomes more important than retaining the original purpose or even the original client population. Adapting services to government funding may at times enable an agency to survive, which would otherwise have folded (Fulcher et al, 1988; Waine, 1992; Smith and Lipsky,1993 p163-167).

Some writers dispute whether there has been much diminishing of autonomy. Kramer comments that there certainly has been an increase in the paperwork required, and in the disclosure required by provider agencies, but that does not equate to loss of autonomy. He also comments that a lessening in the autonomy of non-government agencies providing public services is not necessarily a bad thing - that they should be functioning in the wider public interest (Kramer, 1989

pp107-108; Terrell, 1989 p77).

However, others point out that along with the increasing dependency on contracting for funding there has consistently been underfunding and funding uncertainty - the government is not paying enough for the services they are purchasing, and funding programmes are likely to change year by year. Political and legislative changes may alter funding levels or programmes. Agencies are constantly juggling funding sources and agency expenditures (Hart, 1988 p512; Kramer, 1989 p104; Smith and Lipsky, 1993 p158).

Contract Renewal: The 'Dance' and the 'Game'

Smith and Lipsky employ an evocative metaphor 'the dance of contract renewal' to describe the complex, time consuming, often frustrating and stressful annual contracting round. They say that an agency is at its peak of autonomy at the time of first contracting. After that uncertainty accompanies every contract renewal. Several reasons are given for this: contracts vary in both substance and amount every year; funding does not increase with increasing costs of delivery; the purchaser in pursuing equity retains maximum flexibility in order to spread resources over as many needy groups as possible, thus squeezing current providers; contracts are late being finalised and payments are late arriving. Faced with this uncertainty the agency constantly juggles funding sources in order to survive financially. Through sometimes an extended period of providing service when a contract is not yet finalised the agency must carry substantial financial risks, and staff morale needs to be sustained in the face of possible failure to secure sufficient funding (Smith and Lipsky, 1993 pp157-162).

In her study of seventeen contracted agencies in New York, Susan Bernstein uses the metaphor of a game as a construct within which to understand the strategies of managers in social service agencies to negotiate the complex and frustrating contracting processes successfully. As a 'game' there are identifiable rules and players, but the participants' goal is 'winning' the contract funding, and compliance to the rules is at the minimum level necessary to be allowed to stay in the game, while maximising the chances of winning (Bernstein, 1991).

Autonomy of Value Systems

The voluntary sector is portrayed as being at risk of exchanging its values and norms for the values and norms of the government. Involvement in the local

community and its needs and advocacy for consumers decreases, while advocacy for themselves increases. Non-government agencies can become as rule bound as government bureaucracies, and as opportunistic as private business (White, 1992; Kramer, 1989 p104; Smith and Lipsky, 1993 pp73,177,187,92). David Robinson comments that the open expression of key values of independence, altruism and collective action has decreased in the voluntary sector in New Zealand with its increased dependence on government funding (Robinson, 1994 p105).

Accountability and Visibility

One of the effects noted both in New Zealand and overseas is that the voluntary sector has become more visible and therefore as open to public scrutiny and possibly to consumer criticism as government has been. This for consumers is a positive impact of the reforms. For the agencies the positive aspect of greater visibility is potentially greater political influence (Saville-Smith and Bray, 1994 p23; Kramer, 1989 p 103; Smith and Lipsky, 1993 p187). A negative is that the government is able to shift responsibility for inadequate service provision and performance to the voluntary sector while underfunding the services (Smith and Lipsky, 1993 p227).

Implications for staffing

A reported implication of the need to conform to government standards and reporting requirements and manage the contracting process has been an increasing professionalisation of the staff. This applies to those who deliver the service to clients and to agency managers, with a tendency for unpaid volunteers to be replaced by professional paid staff, a lessening of the role of voluntary board members in direct management, and an increase in the management responsibility of agency directors and management staff. This has resulted in an increase in the number of career managers, administrators and accountants in the provider agencies, and a tendency for professional managers instead of helping professionals to be appointed as directors. A new community is developing consisting of the network of agency managers, concerned to protect their own career paths (Saville-Smith and Bray, 1994 p23; Kramer, 1989 p104; Smith and Lipsky, 1993 p110).

Differential Impact on Agencies

One of the arguments in favour of the contracting regime is that it introduces

greater contestability, reducing the power of traditional organisations which had previously captured funding by political lobbying at central government level. However, the literature suggests that larger organisations will be still be favoured in the contracting regime, because with alternative sources of funds they will be able to withstand the uncertainty and cashflow difficulties of the contracting round more successfully. It is also suggested that these organisations are likely to grow even larger, by being more organisationally ready to take up contracts for new services funding (Yeatman, 1995).

However, an issue not much mentioned in the literature is that some small agencies serving needs of particular groups, which would not be able to attract sufficient resources to set up independently, are enabled and empowered by government contracting to establish themselves, to provide their own appropriate services and to survive. This applies as long as the provision of services to those groups is part of a political agenda for priority setting in services planning (Smith and Lipsky, 1993 p167; Saville-Smith and Bray, 1994).

A Note on 'Privatisation'

Privatisation in the sense of services being contracted out also to private for-profit organisations and individuals is not discussed in this thesis. However, it is happening in some contexts alongside contracting with not-for-profit organisations. It can allow the *private* practitioners to 'cream' off the less difficult clients who are motivated to change and to attend private therapy, leaving the more difficult, less motivated, crisis bound and possibly unfunded clients to the voluntary organisations. This also has been mentioned in United States literature (Kramer and Grossman, 1987; Salamon, 1993; Gilbert, 1994) and warned against in British and Australian literature (White, 1992; Williams, 1989 p29; O'Connor, 1990).

SERVICES PLANNING IN THE CONTRACT REGIME

The literature on government contracting for social services barely mentions the planning process, the stage in the contracting process where the government purchaser decides what it wants to buy. There is a literature on participation and consultation which is relevant since CFA purchase planning involves some degree of consultation with providers, government referring agencies, and theoretically with consumers.

Participation and consultation are practices which, as exercises in enhancing the citizen's democratic rights, began in the 1960s and 1970s with participation in land use planning, and a range of strategies were developed for conducting them (NZ Town and Country Planning Division, 1981). It became a practice concept in community social work in the 1970s and 80s, and in the 1980s had also begun to be demanded as part of the move towards user-led rather than service-led social services (Croft and Beresford, 1992).

Croft and Beresford have analysed participatory practices and conducted some research on people's desires for participation. They point out that although there has been an enormous amount of experience in doing participation, there has been a great lack of empirical study or analysis of the process. Their survey research indicated that people want a say (60% of respondents), because they want to be able to influence decisions and outcomes, have an opportunity to change the balance of power and ensure that there is access to services for marginalised groups, and because broad based involvement can help avoid the processes being dominated by a few leaders (1992 p37). Croft and Beresford suggest there are four ways in which participation can function other than to enable effective involvement: by delaying, with consultation as the excuse; by incorporation and co-option thus diverting people from protest; by legitimation, with the appearance of involvement which is actually ineffective; and by tokenism, when members of marginalised groups are individually involved apart from their groups. They quote the 'ladder of citizen participation' devised by Arnstein as a useful paradigm for assessing the quality and effectiveness of strategies for enabling participation (Croft and Beresford, 1992 p34).

The ladder has eight rungs:
- citizen control, delegated power, and partnership - which offer 'degrees of citizen power';
- placation,   informing and consultation - which offer 'degrees of tokenism';
- therapy and manipulation - both forms of consultation which are actually non-participation.

This paradigm is useful in identifying some of the inadequacies in the CFA services planning process.

A related concept to participation is 'consumerism'. Consumerism is also

difficult to define and practice. There is however general agreement in the literature that it is not simply an attempt to encourage greater responsiveness to consumers, but that it should be built in to a whole management philosophy and practice. Hambleton notes that it was a concept borrowed by the statutory services in Britain from developments in the management of businesses in the 1980s which associated excellence with getting closer to the consumer. (Hambleton, 1988 pp126-7; Peters and Waterman, 1984) He also notes that it is connected with moves towards a market model of welfare provision and also with moves towards decentralisation. Hambleton argues for a model of consumerism which aims at increasing participatory democracy, having more to do with accountability to citizens than simply to the consumers of the service. These are the grounds on which other writers also promote citizen participation (Gyford, 1991).

Jenny Potter critises the practice of consumerism on the grounds that it is apolitical in nature, and grounded in economic theory. She argues that agencies involved in the provision of public services must find ways of taking account of the needs of its clients and potential clients who, because of their vulnerability, dependence or incapacity, are not able to make choices as consumers are presumed to be able to do in the commercial market (Potter, 1988).

The role voluntary organisations have assumed for themselves as advocates and spokespeople for consumers has been noted by Drake and Owens in the Welsh context. They label this 'colonisation' of the consumers by the voluntary sector, and see it as one response to pressures in two management areas: pressure towards consumer involvement in planning of their services and the planning processes of the government funder; and pressure towards becoming more professional and bureaucratic, stemming from their heavy dependence on government funding, the 'partnership' culture of the 1980s and the emerging contract culture. They identify the other response as fragmentation of services, in which consumer advocacy services are developed separately from the social services the agencies are contracted to provide. This happens because the funder will not provide funds for advocacy services, and because of the contradiction involved in the same service attempting to advocate impartially for consumers' needs at the same time as competing for funds for their own established services.

Christine Morrison contributes further points to the debate on consumerism which

are relevant to the CFA relationship with provider agencies in the services planning tasks. The services available shape and mould what people want by giving only limited choices; fundamental needs may not be tackled because of lack of resources; agency staff interpret local needs in terms of their own experiences; some people and some agencies have 'louder voices'; significant needs of a small number of people may not be met if these are not seen as a mass need, and the use of the market model would favour this happening. She points out that real community development takes a generation to achieve, but the application of a market approach dictates annual funding arrangements and time limited projects (Morrison, 1988 pp205-213).

III. CONCLUSION

Contracting for social services has been accompanied by extensive debate about the issues involved, the advantages and disadvantages and the process problems for government and for the voluntary sector, and about the wider political implications. Many believe that the system is likely to be retained as a means for transferring both funding and responsibility from the government to the voluntary sector for the provision of social services, and that the task now is to attend to the process difficulties involved in the implementation of the policy. However, this is to ignore the significant changes the policy introduces in the way government policy and government service is delivered, from direct delivery to indirect delivery. In order for the contract regime to operate effectively on behalf of a client population, a functioning system needs to be developed for the assessment of needs and the planning of services. This is an aspect of the contract regime which has received little attention in the literature.

In the following chapter I outline the policy developments in New Zealand in the decade leading up to the introduction of contracting for social services and the history of its introduction in the Department of Social Welfare.

CHAPTER FOUR

THE POLICY CONTEXT

1. INFLUENCES IN THE DEVELOPMENT OF POLICY

The changes which have taken place in the relationship between the state and the voluntary sector in the last decade have been part of major changes in policy direction and in the practice of government in New Zealand, which have impacted on virtually every aspect of government activity. These changes have been the subject of an increasing volume of literature, both academic and journalistic. A number of sometimes conflicting influences can be identified in the social policy environment in the 1980s, leading up to these changes.

ECONOMIC CRISIS

The New Zealand economy in the 1970s entered a period of decline accompanied by serious fiscal crisis. By the early 1980s the level of national debt was high and increasing. This economic decline and the response of government has been documented and commented upon now at some length (Hawke, 1985; James, 1986; Holland and Boston eds, 1990; Boston, 1992; State Services Commission, 1994). Throughout the period there have been some commentators who have argued that there were a number of possible alternative responses to the economic problems (Easton, 1989; O'Brien and Wilkes, 1993). However, government and government advisors used this economic decline and the economic policies of the preceding years as the major justification for a retreat from the Welfare State as it had developed in New Zealand from 1938 (New Zealand Treasury, 1984, 1987, 1990; New Zealand Planning Council, 1987; State Services Commission, 1994). This has meant reduction in levels of government expenditure, curtailment and limitation of government service provision and corporatisation and privatisation of government enterprises. Levels of state expenditure were perceived by advisors to the government to be a major contributor to the problem.

> It (the Government) felt that the State cost too much , contributed too little to wealth-generating production and was a dead weight on our

society (State Services Commission, 1994 p2).

IDEOLOGICAL TRADITIONS

In the late 1970s and early 1980s a number of critiques had emerged of the welfare state in general. Specific criticisms were made of the Department of Social Welfare in particular, for racism, inadequate protection of children, abuse of children in care, and for being out of touch with clients' needs (see Chapter Five). The Fourth Labour Government came into office with a policy of being committed to consultation. During the two terms of its office, there was in New Zealand (as in the United Kingdom, the United States and Australia) a marked shift in economic policy, which was accompanied by a shift in social policy towards lessening of State responsibility for welfare support, and encouragement of family, employers and community to take on greater responsibility. These shifts became more extreme under the National Government 1990-1993.

At the same time as the Labour Government was moving towards the reduction of state welfare support, the relationship of government with the 'community' and with non-government agencies in the 1980s had begun to be conceptualised in policy documents in the terms of 'partnership', 'sharing control' and 'devolution' (Social Advisory Council, 1986; State Services Commission, 1988) and these were terms in which the voluntary sector also talked about its relationship with the state. These policy concepts, however, from 1990 onward do not feature in government documents such as *Social Assistance: Welfare That Works*, the major social policy statement of the National Government (Shipley, 1991).

In taxonomies of social policy traditions, a broad distinction has been drawn between collectivist and anti-collectivist approaches (George and Wilding, 1976). This distinction refers to differences in beliefs about the extent to which the state should be involved in ordering relations between members of the society. In New Zealand historically these two approaches can be broadly identified as the 'social democrat' position and the 'economic liberalism' position.

Another way of differentiating between these approaches, has been to distinguish between ideologies which emphasise as the primary determinant of social policy the value of *social justice*, and those which emphasise as the primary determinant

of social policy the value of *freedom*. In those with a social justice orientation concepts of equity, fairness, equality, social justice, a decent standard of living for all members of society, the rights of all members of the society to participate fully in the society, are held to be important, and are seen to be prequisites for true freedom and autonomy to exist. The proper role of the state is to intervene in the free operation of the market and redistribute resources, in order to ensure basic social rights for all citizens. This kind of political ideology has informed the philosophy and policies of social democrat parties, and historically was a dominant theme in the policies of the New Zealand Labour Party, until 1984, but is now primarily espoused by the Alliance. Those ideologies which emphasise *freedom* as the primary political value use the term more in the sense of absence of coercion, and appeal to notions of individualism, competition, autonomy, personal responsibility, absence of state-imposed constraints and a market which rewards individual achievement. This position has become influential in New Zealand in the decade since 1984. Criticisms of the welfare state in New Zealand in recent decades have come from both of these value positions.

Critiques of the Welfare State appealing to notions of social justice have come from left political commentary, from within the helping professions, from feminists, from anti-racist groups, from Maori groups, from Pacific Island groups, and from groups and agencies representing various other welfare interests in the population. Critiques from this viewpoint in the 1980s saw the state providers as having become immense remote bureaucracies, using state welfare as a means of social control, where services were rigid and rule-bound, serving the needs of the institution rather than the needs of the client, the family or the community. There have been two strands to critiques of the state from a social justice perspective: calls for significant and effective community/citizen participation and monitoring of services provided by the state; and calls for both the resources and the control to be handed over to the community to provide its own social services. These critiques may emphasise different failings and different solutions. The traditional left critique may see Welfare State type intervention as coming too late, arguing that state intervention should come at an earlier stage, to restructure the economy, so that there is more equitable distribution of wealth; or that the Welfare State operates as a mechanism of control, which keeps the working class just sufficiently healthy and literate, but does nothing to alter basic distribution patterns of wealth and income. (Easton, 1981). Themes of excessive control by bureaucracies, of rigidity, remoteness

and impersonality of welfare bureaucracies, of their insensitivity and racism, and their distance from the populations they were meant to serve, were to be heard frequently in non-government agency settings and inter-agency meetings throughout the 1970s and 1980s,[1] and are reflected in a number of documents produced in these years, such as the anti-racist critiques of the Department of Social Welfare referred to below (Cody, 1990 p161).

Shannon has developed a new taxonomy of political ideologies in New Zealand to accommodate recent changes, in which this kind of left critique of state provision is labelled Radical Reformism (Shannon, 1991 p57).

Critiques of the Welfare State appealing to notions of individual freedom and responsibility, variously labelled 'Economic Liberalism', the 'New Right', 'Market Liberalism', 'Libertarianism', 'Free Market Economics', amongst others, hold that the welfare state undermines individual liberty, is expensive and inefficient, creates dependency, stifles creativity and gives control to huge unwieldy bureaucracies. This ideological position proposes that 'the discipline of the market' leads to excellence in the provision of any goods or services and that therefore government ideally should not be engaged in direct provision. It is a position which has been driving much of social policy in both Labour and National Governments since 1984, and as such provides the larger setting within which the policies of the Department of Social Welfare in relation to the provision of social services have been developing. The view is supported by the Business Round Table and the Centre for Independent Studies, and can be traced increasingly clearly in the Treasury briefings to incoming governments in 1984, 1987, 1990 and 1993.[2] The Labour Government from 1984, and more rigorously from 1987, initiated a series of market liberalist type reforms, which were promoted as a means to achieve the aims of social justice and equity which were traditionally its key values as a social democratic party. From 1990 the election of the National Government saw a change in social policy aims and the philsosophy of market liberalism applied with even more rigour.

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[1] This statement is based on my personal experience in women's organisations and non-government welfare agencies since 1974.

[2] The position was implicit in *Economic Management*, 1984, and made explicit in the chapter "The Role and Limits of Government" in the first volume of *Government Management*, 1987.

This policy position has been promoted in two dimensions in New Zealand - a pragmatic and an ideological dimension. In its most simplistic, pragmatic form it is promoted as a kind of national good housekeeping. All governments in New Zealand during the last decade had to address the real problems of a depressed economy and a large deficit. Roger Douglas, Labour's Finance Minister, at the Economic Summit of 1984 said that we 'need to face the reality that in recent years we have been living beyond our means'. The refrain of 'there is no alternative' has been delivered repeatedly by members of the National Cabinet in both their terms of office since 1990, such as Ruth Richardson, Jenny Shipley, Bill Birch and the Prime Minister, Jim Bolger. This practical kind of justification for policy actions fits well with the National Party's pragmatic traditions. There has, however, been a small but ongoing critique of this position from some economic and social policy commentators throughout the period, who have held that there is no necessary connection between the level of state expenditure and the level of economic growth (Easton, 1989; Culpitt, 1992; Kelsey, 1993; O'Brien and Wilkes, 1993).

The ideological tradition behind this approach is elegantly articulated in a purist form by Simon Upton in his essay, 'The Philosophy and Economics of Liberty', written in 1986.[3] Upton argues that society consists of numbers of individuals following individual goals, and when there are minimal governmental controls or interventions, the operation of the free market will ensure the maximisation of the knowledge, goods and services available to all. He argues that 'in an environment in which personal responsibility is emphasised and the role of government minimised', there will be 'a profusion of voluntary agencies filling thousands of interstices in the social fabric', and that 'Whatever solutions are adopted, state domination of the delivery of assistance should be avoided' (Upton, 1987 p26). This position can be heard expressed almost daily in the parliamentary debates broadcast on National Radio and is also promoted by the present Finance Minister, Bill Birch, who has generally been regarded as a pragmatist rather than an ideologue. He has identified three tiers of appropriate activity by the state sector:

1.   [T]hose activities closest to Ministers...[Departments'] role would

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[3] His statements since actually being in government have not however been so purist - he accepts that government has a task of being "fair" and "just" (see Dominion Sunday Times, 10 June, 1991) notions which he rejected in favour of "freedom" in his ideological essay.

be to provide advice, decide how to implement decisions and then to review the implementation of those decisions.

2.   [T]he agencies that for various reasons should still be owned by the state, but which have much clearer incentives than departments; and which can be organised to meet more explicit targets.

3.   The third tier is where the private sector delivers services on behalf of the Government and its agencies (Speech to Master of Public Policy students Victoria University of Wellington, February 21, 1991, quoted in Martin, 1995 p37)

Advice documents provided to government over the period also drew on this ideology. *Government Management,* the Treasury Briefing Papers of 1987, portrays a society in which the role of the state is limited, in the main, to the provision of a legal system and a defence system; and in what little social services are to be provided, the State is required to apply commercial principles to their functioning. Also in 1987 the New Zealand Planning Council in its paper, *Social Policy Options,* reiterated advice it had given on numerous previous occasions to the government that it should it should shift the emphasis in responsibility for welfare provision away from the state so that family, workplace, voluntary societies and neighbourhood groups became more important in assuming responsibility (New Zealand Planning Council, 1987). This is the policy position promoted in 1991 by the National Minister of Social Welfare, Jenny Shipley, in *Social Assistance: Welfare that Works,* using both the ideological and the good housekeeping arguments:

> The Government's social and economic objective is to provide an environment where New Zealand families are able to take control of their own lives, freed from the dependence on state welfare that currently traps so many of our people....
> The basic problem the Government is addressing in this Budget package is the need to face the realities of New Zealand's current position....
> The levels of support offered in the form of benefits and other social assistance are a major factor in our fiscal costs....
> Most importantly, we must take steps now to encourage New Zealanders away from dependence on the state towards personal and family independence (Shipley, 1991).

In the real world of policy-making, the distinctions between a **social justice**-based ideology and a **freedom**-based ideology are not always clear. While the top-level policy-makers in both the Labour and National Governments since 1984 have been following an approach to the economy which has had freedom of the market as the primary value, the rhetoric of social justice has continued to be used at the same time. The philosophy of economic liberalism in the Labour Party was overlaid on decades of a social democrat tradition, which continued to

inform its policy in many ways, and to be the guiding philosophy of many of its rank and file. However, economic policy and social policy were to a large extent developed in isolation from each other, and contradictions between the two philosophies became increasingly apparent towards the end of Labour's second term in office. The National Party has made appeals to notions of fairness and decency - its 1990 campaign was based on the slogan 'The Decent Society'.[4] *Social Assistance: Welfare that Works* states that economic policy and social policy must develop together (Shipley, 1991 p1). It espouses 'fairness' to the 'vulnerable' and a 'decent' level of state support, 'access to a uniform standard of essential social services', as well as 'greater personal choice' 'from a wide range of organisations...- not just public or state-funded organisations'. (Shipley, 1991 pp2-22).

Market liberalism, economic liberalism, or laissez faire economics, was first developed in the early nineteenth century in critiques of traditional protectionist policies, and was at its height in the middle of that century, accompanying a period of intense entrepreneurial activity and growth. This was also a time in which there was a proliferation of charitable organisations and voluntary social service activities. The re-emergence of this ideology in the late twentieth century has involved calls for the individual, the family and the community to take responsibility for social needs. The state is seen to have the responsibility only to provide a safety net of welfare assistance; indeed it is held that the more the state provides the less likely the provision is to be successful. A number of catchcries have been used to give this message: 'Welfare that Works', 'A Hand Up not a Hand Down', 'From Welfare to Wellbeing', and 'From Welfare State to Welfare Society'. Within this ideological position there has always been an emphasis on the need for voluntary organisations, as an expression of citizenship and community, as an opportunity for the exercise of altruism and as a proper assumption by the community of responsibility for the resolution of its own social problems.

When economic liberalism re-emerged in the latter half of the 1980s with strong support from large sections of both major parties and from the business sector, while there were critics of the new policies, there was not a sufficient and effective Left position defending a continuing active role for the state as a provider

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[4] The performance of the National Government since its election in 1990 in the light of this slogan is critiqued by Boston and Dalziel, 1992.

of social services. The New Right met Radical Reformism; it also found support for some aspects of policy from a number of other perhaps equally unexpected directions. There were escalated demands from Maori, who as an electoral force had traditionally supported the social democratic philosophies of the Labour Party, for self determination in social service provision. The voluntary sector, traditionally an advocate for more government services for the needy, was supporting calls for devolution of services, resources and control. Managerialism provided a technology with which to institute cost cutting, to reduce direct government social service provision and transform the partnership culture of the 1980s' relationship between government and voluntary sector into the contract culture of the 1990s' relationship.

BICULTURALISM

The demands of the Maori people for a bicultural partnership based on the Treaty of Waitangi became a very powerful influence during the 1980s, both within social work practice and as a political movement, with the Labour Government itself and the Department of Social Welfare making considerable ideological commitments to them. The principle that all social policy should reflect the partnership concepts in the Treaty of Waitangi was written in to the terms of reference of the Royal Commission on Social Policy set up in 1986 (*The April Report*, Vol I, 1988 pvi). Demands for a bicultural partnership have included demands for recognition and resourcing of Maori ways of dealing with their own welfare issues. The Royal Commission in fact saw their role as balancing two different approaches: they equated the Maori approach with an emphasis on community, and the Western approach with a belief in individual rights and freedoms (*The April Report*, Preface). Both Labour and National Governments over the past decade have developed policies orientated towards providing for settlement of claims by iwi under the Treaty of Waitangi, and for including a bicultural perspective into the development of social policy and the delivery of social services. While these moves have been the subject of considerable challenge from Maori about their effectiveness and significance, they nevertheless have meant some change in the direction of public services which are more responsive to Maori issues, and the promotion of the devolution of the provision of services from government to iwi (O'Reilly and Wood, 1991).

In July 1986 the Ministerial Advisory Committee on a Maori Perspective for the

Department of Social Welfare [5] presented its report, which was published in *Puao-te-Ata-Tu*. This was to become a very influential document in the development of policy in the Department. The process whereby that document was produced exposed the Director-General, the Minister and senior officials to a 'litany of sound' from marae to marae around the country and the report was made public with significant endorsement from them (*Puao-te-Ata-Tu* p21). It presented a detailed and extensive critique of the Department's inadequacy in providing for or relating to Maori people. It made radical proposals about the role the Department of Social Welfare should adopt in providing leadership in attacking all forms of cultural racism in New Zealand and incorporating the values, cultures and beliefs of the Maori people in all policy development, and sharing power and decision-making with 'communities' with a particular emphasis on the Maori people (*Puao-te-Ata-Tu* p9). The document carried mana, and acquired symbolic significance as a charter for change within the Department. It codified views which had already begun to have currency within the Department. It was influential in further development of policies relating to community development, community services, community care, and community participation in monitoring, and is evident in the redrafting of the Children and Young Persons legislation, which provided for children in need of care and protection to be cared for primarily within their families, but also within iwi based agencies and other non-government agencies, rather than in state institutions.[6]

PROFESSIONAL VIEWPOINTS

As well as its involvement in the debates regarding biculturalism, professional social work opinion in New Zealand has reflected the debate which has occurred in most western countries during the last two decades concerning the need for welfare services to be located close to 'the community' being served. This position has been promoted by Roger Hadley in Britain as 'patch-based' social work (Hadley and Hatch, 1981; Hadley, Dale and Sills, 1984). Hadley's approach has been influential in New Zealand in the Department of Social Welfare

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[5] Commissioned in 1985 following both pakeha and Maori reports on racism within the Department: *Institutionalism Racism in the D.S.W.*, Tamaki-Makau-Rau, November, 1984; *Maori Advisory Unit Report*, 1985.

[6] It also is reflected in Departmental policies of actively recruiting staff for their Maori(and Pacific Island) cultural qualifications, of incorporating Maori protocol into Departmental proceedings, and of attempting to build cultural appropriateness into its own social service provision.

since 1982, when he was invited to address a national conference of the Assistant Directors of Social Services (Cody, 1992 p171). Essentially Hadley's approach involves a social justice-based critique of the failure of the welfare state; he emphasises that social workers should be located in the field, in small local patches, and that their role should be an empowering one, facilitative of communities finding and developing their own supports and solutions, rather than a controlling one, as agent of the state. This approach is associated also with the move away from institutional care to 'community care' in a wide range of welfare and health settings, and with a move away from the notion of the professional as expert (Lee and Raban, 1988; Dale and Foster, 1986).

NON-GOVERNMENT AGENCY VIEWPOINTS

In the last twenty years non-government agencies have proliferated. It has been my observation that view points being expressed by non-government agencies from the 1970s and through the 1980s, became increasingly political, largely within a radical reformist approach, increasingly radical in their demands for increased participatory democracy, for the state to share power with communities, and for resources to be allocated to communities to allow them to attend to their own social needs. Many of the newer agencies started not with the traditional charitable purposes, but as small locally based groups with Maori, feminist, consumer, self help, or minority culture based policies and membership. Their philosophies have to a greater or lesser extent included a radical critique of power structures and power relations. These agencies have frequently been in the forefront of developing alternative structures - for example, non-hierarchical decision-making, anti-racist and bi-cultural structures. (Women's refuge and sexual abuse counselling agencies are two examples). They became an important source of pressure on government in general and the Department of Social Welfare in particular, and argued in favour of devolution of control over funding and service provision to community groups (Robinson and Driver, 1986; Saville-Smith and Bray, 1994 p11; Verna Smith, 1994 p16).

In the development of policy relating to the role of government and non-government organisations in the provision of social services, the dialogue has included reference to concepts and metaphors such as 'community', 'partnership', 'devolution', 'decentralisation', 'empowering', 'accountability', 'consultation' and 'accessibility'. They all can be and have been used by

protagonists from the whole range of social policy theories and traditions, gathering differing connotations and implications in the process. Policy developments have occurred which have appeared to take directions desired by groups holding to a social justice-based value system, while they may in fact be more effectively serving a New Right ideology, and derive their technical rationale from managerialism. The use of the same terminology in the rhetoric of what are, in their extreme forms, incompatible approaches, has meant that some members of non-government agencies and local welfare interest groups have experienced cynicism, suspiciousness, confusion and feelings of betrayal. However, when the government policies of shifting services from state provision to non-government provision and of contracting as the mechanism for transferring government funds to non-government agencies were introduced they also met with a level of acceptance in the voluntary sector. It seemed possible that the policies could also meet some of the aims of non-government agencies.

MANAGERIALISM

'Managerialism' is a term which has been used to refer to a collection of ideas and 'theories' which have been influential in the development of government policy and practice over the last decade often, but not necessarily, associated with the economic liberalism of the New Right. This approach has emphasised the value of applying principles of good business management as practised in the successful commercial world to the conduct of government and the use of public money; it has focussed on accountability, efficiency and 'excellence'. Managerialism has promoted cost cutting strategies, strategic and corporate planning, marketing strategies, the reform of public sector accountability structures and management systems and the separation of purchaser and provider functions.

Managerialism, supported with arguments derived from organisational economics, has provided a major 'technological' rationale underpinning the changes in the balance of social service provision by the state and the voluntary sector, and in the means by which funding for social services is transferred from the government to non-government agencies.

In common with other Western nations over the past decade, New Zealand has pursued a programme of radical reform of the state sector in relation to the role,

structures and management of the state sector. The reforms which were undertaken were largely based on managerialist principles. The size of the public sector has been dramatically cut; many state assets have been corporatised so that they are run on commercialised lines; others have been sold to private enterprise; many services previously provided by government departments are now bought in by contracting private for-profit and not-for-profit providers. Management responsibilities in government departments have been decentralised, so that managers have control over their own budgets and are held accountable for the management of them. The 'Westminster tradition' of ministerial responsibility has been replaced by a system in which the chief executive of a government department is appointed under a contract to the Minister: the Minister is the primary client of the Department. The funding, measurement and monitoring of government expenditure and activity is based on specified outcomes and outputs (what is produced) rather than on inputs (operating costs) and compliance with written rules. Functions which were previously managed under a single departmental structure have been separated: the functions of policy advice, policy regulation, and policy implementation have been separated; and the functions of funder of services and provider of services have been separated.

The rationale provided to government for the proposed changes by its policy advisors drew heavily on the new institutional economics, particularly on 'agency theory'. This was demonstrated in the Treasury briefings to the incoming governments in 1984 and 1987 (Boston et al, 1991 pp2,4,10; Boston, 1995 Preface and pp96-103; New Zealand Treasury, 1984 pp275-294; and 1987 pp49-120). Agency theory is based on the notion that all economic transactions involve a 'principal' and an 'agent', who are involved in a form of contractual relationship, the 'principal' being the person or organisation seeking a good or service, and the agent being the person or organisation 'contracted' to provide it. The costs incurred by both the principal and the agent in undertaking these transactions (as opposed to providing the good or service themselves) and the costs incurred in ensuring that the other party does not engage in opportunistic behaviour (each gets appropriate value for expenditure or appropriate reimbursement for goods and services provided) are referred to as agency costs. Related to agency theory is the anaylsis of transaction costs - the risks which accompany any economic transaction; and the theory of the firm, which analyses the processes by which organisations make the decision to buy in products they need or produce them themselves. This economic theory was extrapolated to the

political economy. Thus the voters are principals who 'purchase' services from their Members of Parliament. Ministers are principals who 'purchase' services from their departments, which in turn purchase goods and services from others. A primary aim is seen to be the limiting of agency costs, and transaction costs analysis can be used to determine how to do this (Boston, 1995 Preface; Trebilcock, 1995).

The theory behind the reforms was outlined in 1988 by Bushnell and Scott, both senior officials in the Treasury at the time. In order to limit agency costs, Bushnell and Scott argue there should be greater clarity in the specification of clear commercial objectives for government departments and how they are to be achieved (ie expressing them as measurable outcomes achieved by measurable numbers of defined outputs). The Minister contracts the chief executive to provide these, and the executive has managerial flexibility and authority to decide how they are to be achieved. They argue that there should be a single principal in an agency relationship so that there are not multiple accountabilities for agents, and that performance monitoring systems of agents should be in place with incentives and sanctions built into contracts so that agents meet the agreed objectives (Bushnell and Scott, 1988 pp22ff and Scott, Bushnell and Sallee, 1990 pp138ff).

These principles were enacted into law with the State Sector Act 1988 and the Public Finance Act 1989. This Act had the support of all political parties in its passing. It was seen as introducing important technical reforms in the managerialism tradition, unconnected with ideological issues (Scott, Bushnell and Sallee, 1990 pp138ff).

The major features of the reforms in New Zealand impacting on non-government organisations have involved: the use of contracting as a means of applying government funds to social services provided by non-government agencies; a shifting of the provision of some services by the government to provision of these services by non-government not-for-profit organisations (and by some private providers); institutional separation of the funder and the provider functions within government; a shift within contracting from the former practice of providing subsidies for operating costs (inputs) to the commercial practice of purchasing units of service (outputs).

II. CRITIQUES OF THE POLICIES

In the literature which discusses the introduction of the reforms of the last ten years in New Zealand and overseas, there have been a number of critiques of the assumptions behind them. A number of issues are raised which relate to policies towards non-government organisations. While most critique of the reforms has come from a social policy or political perspective, and also from the churches, there has not been universal support for them from economists in New Zealand or overseas. Brian Easton's regular weekly column in the *Listener* has over several years provided a critique of an ideologically driven application of market principles to policy. Petrus Simons argues that society is more than a collection of individuals in a market, that the market does not offer a mechanism for the making of decisions about what collective goods should be provided and how they should be funded, or about what kind of society people want to live in. Milgrom and Roberts, in their major text on the economics of organisations, show that there are no fully satisfactory explanations in terms of the economics of organisations of why a government would decide to buy services from a non-government organisation rather than do it themselves. They suggest that the supposed advantages of buying-in should be achievable within government provision by developing a thoroughly professional, efficient and innovative public service, and that the decision to contract for services rather than provide them is primarily driven by political considerations (Milgrom and Roberts, 1992 pp 526-555).

Church leaders in New Zealand issued a *Social Justice Statement* in July 1993, the first time the leaders of all the major Christian denominations had made any joint statement on social policy. This document expresses deep concern about the negative impact of government reforms on the poor, and explicitly rejects a 'free market' approach to social policy, proposing an active role for the state in seeking justice, protecting human rights, ensuring that basic needs are satisfied, and promoting and preserving conditions for human wellbeing (Boston, 1994 pp11-35).

Culpitt suggests that the rationale for the policies that 'there is no alternative' only serves to hide the political and social impact of the policies. Privatisation has been pursued as a means to achieve the goals of greater effectiveness, efficiency and accountability, but the outcome may be less equity, and not necessarily more

efficiency. Essentially the policies have entailed a rejection of the ideals of citizenship and a rights based approach to social policy (Culpitt, 1992).

Waine points out that the purchaser/provider split policy is based on an unproven assumption that it will bring with it what are seen as key advantages of market mechanisms - competition, decentralisation, efficiency, consumer choice and a pressure to accountability (Waine, 1992). The normal flow of information required for market principles to operate may not exist in the welfare field, because the consumers of the service, the clients, are not often the people who pay; therefore the essential market link is not there (Salamon, 1993).

Jonathan Boston comments that the National government's policy while moving towards a market-liberal model 'does not amount to a complete embrace of the this model', as long as the government remains the dominant funder of many services, and the dominant provider of others. He notes, however, that the changes designed apparently to increase personal choice in the use of services may increase the choices available to some individuals while reducing them for others (Boston, 1992; O'Connor, 1990 p35). This relates to the provision of social services in the sense that the policy expects that somehow the 'community', non-government organisations or private providers will be available with services whererever a need is identified. The implications are that the state has to do more than simply assess by some means what social service needs are and be prepared to purchase to serve those needs. Writing in the Australian context, O'Connor points out that if state provision of welfare has failed to respond adequately to the needs of the most disadvantaged, a system which depends on the operation of market principles is even less likely to do so. Services provided by non-government organisations are not comprehensive either geographically or in terms of services, and there needs to be provision for a system that defines not simply what the gaps are but just how the gaps are to be filled (Challis, 1990 pp78 ff). Each non-government agency is likely to have a single interest approach. It cannot be expected that these agencies can engage in objective assessment of priorities for social services for the nation, or take responsibility for filling gaps in those services. (Donnison, 1989 p209) As Donnison says:

> There is now a real danger that the old romanticism about the state will be succeeded by new romanticisms about communities and markets. (1989: 208)

Finally, in the introduction of the policies there has been little consultation (Boston, 1992). There is evidence from research overseas that the population at large has limited and conflicted understanding of the implications of the policies and of the ideologies behind them (West, 1984). The policies regarding the relationship of government and non-government agencies in the provision of social services which were ushered in with the National Government's social policy document, *Social Assistance: Welfare that Works,* were not supported by consultation.

III. CONCLUSION

Changes in social policy reflect a complex feedback relationship between ideologies and the social structure. Ideology does not in itself cause social change, nor is it merely an inevitable superstructure which develops in response to strains in the social structure. During the years 1985-1988 it seemed as if there was a real opportunity for a whole range of radical reformist critiques of the New Zealand Welfare State to be heard: critiques based in anti-racism, feminism, Maori sovereignty, welfare pluralism, social democracy, with demands for devolution to the community, decentralisation, community empowerment and community participation. However, the policies introduced, and the ways they were to be made operational, also appealed to economic liberalism: they represented the reduction of government expenditure, and the reduction of direct welfare activity by government. In the following chapter I will discuss how by 1991 much of the policy development of the 1980s which had related to the radical reformist critiques of the welfare bureaucracy had been discontinued, remained undeveloped, or had been diluted.

CHAPTER FIVE

A DECADE OF CHANGE:
THE DEPARTMENT OF SOCIAL WELFARE AND NON-GOVERNMENT AGENCIES - 1984 TO 1994

I. GOVERNMENT FUNDING OF THE VOLUNTARY SECTOR

Until the middle of this century the voluntary sector (mostly church based organisations) had provided most of the personal social services available in New Zealand. The role of the public sector expanded in the post-war period, with the expansion and development of the Welfare State. By the 1970s the government was the dominant funder and provider of social services (Koopman-Boyden, 1990 p219; Saville-Smith and Bray, 1994 p10; State Services Commission, 1994, p1). With the economic, ideological and social pressures outlined earlier there was a move to a greater reliance on non-government provision, and from the 1980s and into the 1990s there has been a significant increase in social service provision by the voluntary sector. There had always been welfare pluralism to some extent, in that there had always been a mix of government provision, voluntary provision both paid and unpaid, informal provision by families, and private (for-profit) provision. (Koopman-Boyden, 1990 p219). The extent to which these four sectors have funded and provided services in the past, however, is difficult to compare with any accuracy. Voluntary provision and informal provision have been uncosted and therefore unknown. Government accounting systems and economic measurements also did not easily reveal the respective value of provision from the different sectors (Payne, 1993 pp73ff; Saville-Smith and Bray, 1994 p7, p15).

Saville-Smith and Bray show that in spite of the greater transparency of government accounting systems since the Public Finance Act 1989, it is still difficult to trace accurately the change in the size of the voluntary sector and the amount of government funding going to non-government agencies. However, they are able to show that there has been a significant increase in both the number of agencies and the amount of government funding going to the voluntary sector between 1984 and 1993. Funding followed some services which had previously

been provided by government into the voluntary sector; there was a considerable expansion of the number of new agencies seeking government funding over the period (Saville-Smith and Bray, 1994 p19). A survey of its members by the Federation of Voluntary Agencies in 1993-4 indicated that around a third of the agencies had increased their unpaid staff, and somewhat more than a third had increased their paid staff. Most (89%) estimated that the demand for their services had increased over the past year (Saville-Smith and Bray, 1994 pp7-10).

Saville-Smith and Bray estimate (within the limits imposed by the changes in accounting systems, continuing lack of clarity in some accounts and the transfer of funds from vote to vote) that the amount of funding has increased from $45.4 million in 1984-5 to $210.2 million in 1992-3. When these figures are inflation adjusted with 1992-3 as the base year the increase is from $79.6 million to $210.2 million. During this period the Department of Social Welfare became the dominant funder, increasing its funding (inflation adjusted) from $21.2 million to $132.4 million in those years. The CFA budget for 1994-95 was less than this - $92.8 million - with the shifting of health-related Disability funding to Health (NZCFA, 1994 ii ; 1995; Department of Social Welfare, 1994).

II. POLICY AND PRACTICE CHANGES IN THE DEPARTMENT OF SOCIAL WELFARE IN THE 1980s

INTRODUCTION

During the 1980s there were within DSW a number of policy developments, changes in practice and organisational changes in response to the competing influences in the policy environment which impacted on the relationship with the voluntary sector:

1.   The development and expansion of the role of the Department as a *funder* of community-provided services rather than as a *provider* of services.

2.   Community development activity by departmental social workers.

3.   Community consultations on policy development.

4.   A degree of 'devolution' with the establishment of community nominated or community elected committees for funding allocation and for monitoring of Departmental activities, for example: COGS (Community Organisations Grants Scheme), DECS (District Executive Committees) and Care

and Protection Resource Panels.

    5.   Decentralisation of Departmental services which brought them closer to the communities they served.

    6.   Adoption of *Puao-te-Ata-Tu* as a charter for the Department's relationship with the Maori community.

Some of these changes were in line with recommendations from a number of government reports. The Ministerial Task Force, the Royal Commission on Social Policy and the State Services Commission had all reported that the statutory provision of social services was inadequate, remote and unresponsive. The State Services Commission report, *Sharing Control*, in 1988 recommended that government departments improve their delivery of social services by improving information and advocacy services, setting up consumer monitoring systems at local and national level, developing better inter-agency local networking mechanisms, and improving the co-ordination and integration of services across departmental boundaries (State Services Commission,1988). Of the developments of the 1980s, several had been discontinued, reversed or diluted by 1990. However, the role of the Department as a funder has become more established and expanded. A major restructuring of the department in the 1992 set up the Community Funding Agency as a specialised funding body, and reformed the funding system in line with the principles of managerialism and the Public Finance Act.

BEFORE 1984[1]

Although it was given a statutory responsibility to 'promote the well-being of children and young persons by assisting...communities to overcome social problems with which they are confronted' in the Children and Young Persons Act 1974, the department of Social Welfare had very little to do with 'community' before 1978. In the region which extended from Rotorua to Kaitaia, one person was employed on community services work. The main function of that position was the registering of children's homes. There was some funding available from the head office in Wellington to a small number of large, usually national organisations, and a system for reimbursing non-government providers of institutional and foster care for children through 'capitation', whereby the

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[1] Unreferenced information in this section and the next was gathered from key informants

provider invoiced the Department monthly for the number of beds occupied per day for the period.

From 1978 to 1983 some changes began. A number of funding schemes were set up by governments, in an *ad hoc* fashion as political reactions to 'social problems' - such as employment schemes, social rehabilitation schemes, and adolescent living skills programmes - through which funding was provided to groups willing to do something about social problems as they became obvious. The community services officer was given the task of evaluating the viability of schemes and making recommendations regarding funding. All funds were controlled and allocated from the Head Office in Wellington. In 1983 a team of social workers was formed and the regions covered were divided into smaller areas.

Another major development of this early period was the Maatua Whangai programme, which was the first attempt of the Department to work with 'the community'. The programme was a joint undertaking of the Department of Social Welfare and the Maori Affairs Department to provide for more culturally appropriate placement of Maori children. The Maatua Whangai group of about 12 to 15, was to be 'chosen from the community ' and thus provide 'a mandate from the community' and would be seen to 'represent the iwi and hapu living in a particular region.' (Department of Social Welfare *Circular Memorandum* 1983/87).

1984-1990

Community consultation

During the period 1984-1987 (the first term of the fourth Labour Government) there were a number of public consultation processes set up to identify a consensus on which to base social policy for welfare services. The Department of Social Welfare consultations included a Ministerial Task Force on Social Welfare Services, the Ministerial Advisory Committee on a Maori Perspective for the Department of Social Welfare, and several years of consultation on new Children and Young Persons legislation. The Royal Commission on Social Policy was set up early in 1987. Members of community groups and workers in non-government agencies became highly experienced in the writing and oral presentation of submissions to a succession of consultative bodies and

committees, and many expressed some conflict between their feeling of responsibility to make their views known and their cynicism about the effectiveness of the process for them.

Community Services Teams and Community Development Teams

During this period community services and community development were recognised as valid and significant responsibilities of the Department (Cody, 1990 p170). 'Community services' refers to the section which dealt with funding to non-government agencies to provide social services which addressed issues that were very broadly within the mandate of the Department. 'Community development' involved the provision of a social service by the Department which aimed at 'enabling people to identify the issues and problems they experience collectively ... to work with the substantial networks that support people in their own social structure..'. (Department of Social Welfare *Circular Memorandum* 1986/197).

The social services of the Department were now seen to include both direct and indirect service delivery in the form of grant funding to partially subsidise non-government organisations providing children's homes, youth services, counselling, budgeting and personal social services to families.

In the District Offices, community development developed as a direct service delivery. Community Service Teams were established at a Regional level to deal with funding. The *allocation* of funding was still controlled centrally from Head Office in Wellington; Community Services Team social workers in Regional Offices evaluated the services provided by agencies and made recommendations on funding. A criticism of this system was that larger organisations, especially national organisations, had more influence and resources, were able to lobby more effectively at both a local and national level, and therefore received a larger share of the funding (Driver and Robinson, 1986; Saville-Smith and Bray, 1994).

De-institutionalisation

During the 1980s a series of reports were produced by various enquiries and commissions, on the children in care in institutions of the Department of Social Welfare. These reports collectively led to the conclusion that the Department was

doing an appalling job of caring for children in institutions.[2] However increasing awareness in the 1970s of child physical abuse and neglect, and in the 1980s of the sexual abuse of children had meant a great increase in the Department's child protection activity which contributed to a sharp increase in the number of children going to the care of the Department and into its institutions (Cody, 1990 pp166-169). In 1982 a 'Community Care Unit', had been opened, to provide temporary foster care and with an aim of diverting young people from residential care. In 1986 a Departmental policy directive was issued aimed at substantially reducing the number and size of Departmental institutions (Cody, 1990 pp175-176). In 1986 the Director General of Social Welfare wrote:

> ...experience acquired by the department over many years of acting as guardian to children removed from their homes and placed in its care, has caused it to become much less optimistic about the prospects for such children...(Annual Report of the Department of Social Welfare, 1986).

Increasingly social work practice within the Department was moving away from placing children in institutional care whether in the state institutions or with non-government agencies. The move was also away from placing children in foster care. Much greater efforts were being made to find appropriate placements for children within their families, and to engage families with helping agencies so that they were strengthened, learned new skills and were enabled to keep their own children safe. This practice, and the principles supporting the practice were enacted into legislation with the new Children Young Persons and Their Families Act 1989. The impact of this change in the late 1980s was that non-government agencies (often church based agencies) which had traditionally provided care for children both in children's homes and in foster care, but whose practice was also changing in a similar direction, reduced the levels of care they were providing, closed down homes and focussed on developing social work support programmes and counselling services for families who were under stress and where the welfare and protection of the children was at risk.

Decentralisation and Devolution

At the same time the two concepts of decentralisation and devolution were being applied to varying degrees in departmental policy. *Decentralisation* denoted a

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[2] e.g. Human Rights Commission, 1979; Committee to Report to the Minister of Social Welfare, 1982; Human Rights Commission, 1982; Johnson, 1982; Tauroa, 1983; von Dadelszen 1987.

process whereby the direct services of the Department were as much as possible moved into District Offices, located in and serving small local populations, thus allowing departmental services to be more accessible to and responsive to their own communities. *Devolution* meant the handing over to 'the community' of both responsibility for the provision of social services, and control over the allocation of resources for their provision.[3]

Decentralisation was largely an internal process and was more completely achieved than devolution. District Offices were established initially with child protection, youth justice and community development social workers. Community Services Teams were subsequently set up in District Offices, combining the funding and the development roles. Under this system 'the community' became more clearly defined, as a geographical entity, delineated by the administrative boundaries of the District Office. At the same time a greater degree of accountability was demanded of organisations receiving funds.

Devolution of responsibility for the provision of social services as a principle gained gradually in influence in relation to services provided by the Department. By the time the new Children, Young Persons and Their Families Act had come into operation in November 1989, the nature of social services to be provided by the Department were starting to be defined in a more limited way. Social workers began to be expected not to have a case-load of ongoing clients, but rather to be involved primarily in short term investigations and interventions, contracting the services of either non-government organisations or private practitioners for needs which cannot be met within the family or family network, such as ongoing social work services, family support, parenting training, or counselling.

However, experiments with devolution to 'the community' of control over the allocation of public funding for the provision of these services on the whole did not happen. Two systems which were set up, the Community Organisations Grants Scheme (COGS) and the District Executive Committees of the Department of Social Welfare (DECS) both held promise of this. COGS has survived in a limited form. DECS were extremely shortlived and never were given the control over funding which was originally planned for them.

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3   Summarised from a speech delivered to Auckland District Council of Social Services by the then Minister of Social Welfare, Dr Michael Cullen, 16 March 1988.

COGS was set up in 1987, as an interdepartmental (Social Welfare, Internal Affairs, and Maori Affairs) and intersectoral scheme, whereby local committees including elected members were to distribute funds to support locally based initiatives, and it was thought it 'would help chart a new direction for the delivery of social services in New Zealand' (Levett et al, 1988 p3.1). However, COGS, since 1991 the responsibility solely of the Department of Internal Affairs, has remained a very small part of government-sourced funding for social services, an isolated experiment which did not become a model for further devolution. Advice to the incoming Minister of Social Welfare from the Department in 1990 states:

> (COGS has) demonstrated some of the issues that arise in devolving responsibility for decision making to alternative structures. There has been continued tension between the government requirement for accountability and its perception of priorities for social service funding and the desire of local communities to be permitted to establish their own priorities and services (Department of Social Welfare, October 1990 p65)

District Executive Committees were recommended in the report *Puao-te-Ata-Tu*. DECS were to have the dual functions of providing a community committee to monitor the activities of the Department of Social Welfare in each District, and of allocating the department's funding to non-government agencies within the District. The Committee was also to be elected by 'the community', on the nomination on Maori tribal authorities and other community interests. The monitoring functions were taken up in the first year of operation, providing an important forum for communication with the Department, but the funding function remained unclear, and in fact the actual allocation of funds was never devolved to the DECS. DECS were disestablished in 1991 by the National Government which came into power at the end of 1990.

Devolution as a process involving the transfer of power and control to communities has not featured in policy developments since 1990. The application of managerialist principles has been the major feature of further changes since 1990. Decentralisation within the Department is now primarily a management strategy, aimed at achieving better performance and efficiency, by 'letting the managers manage', and in fact some of the geographical decentralisation has been reversed with the collapsing of some offices together.

Community Services Teams in the District Offices were to organise the approval of organisations for funding both through bulk grant contracts and through

payment of fees for particular services when engaged on a case by case basis. The goal was to ensure that resources were distributed equitably, that needs in communities were identified and adequately met by non-government services so that dependence on the state decreased. Community Services Teams were encouraged to engage in community development social work, and in order to do this to become members of or advisors to voluntary organisations, providing assistance with needs analysis, policy directions and planning of services. Their role included liaison with agencies and promotion of co-ordination between services. They also had the task of ensuring that communities had cost-effective, culturally appropriate services. They assessed, approved and distributed funding to agencies (Department of Social Welfare, 1990). These teams were disestablished when the Department of Social Welfare was restructured in 1992.

The Children, Young Persons and their Families Act 1989

The Children, Young Persons and their Families Act 1989 gave statutory status to a number of the policy directions which had developed during the 1980s, including:

1.   Providing for Iwi Authorities, Cultural Authorities, and non-government Child and Family Support Services to be appointed to guardianship of a child, jointly with the Director General of Social Welfare. Iwi authorities and Cultural Authorities were to be able to assume sole guardianship (CYP&F Act 1989 s110) (Under amendments to the Act in 1994 the terms Iwi Authority and Cultural Authority were replaced with the terms Iwi Social Services and Cultural Social Services)

2.   Providing a formal system for approving and contracting non-government organisations, including Iwi and Cultural organisations and Child and Family Support Services, to provide social and community services. (CYP&F Act 1989 s396, s403, s406,s407)

3.   Providing a legal basis for these organisations to enter into Temporary Care Agreements (and Extended Care agreements following a Family Group Conference) with parents or guardians to provide care for children for specified limited times (CYP&F Act 1989 s139, s140).

In their report on the first year of operation of the Children, Young Persons and Their Families Act, Renouf, Robb and Wells found that the objectives of the Act were being least well met in the provision of Community Services. They state

that staff had insufficient guidelines to work by, and their roles had been greatly expanded. There was confusion because of the dual system of grant-in-aid and fee-for-service payments, and the report recommended a greater emphasis on fee-for-service as it provided the department with greater control over services purchased and accountability for funds spent. Applications for grant funding outstripped funding available, yet there was still a lack of availability of the specific services needed to effect Family Group Conference decisions and budgeted fee-for-service funds were underspent. (Renouf, et al., 1990, pp.53-56).

The difficulties are partly explained by the rapid and *ad hoc* developments in funding policy over the previous decade, which had resulted in numerous and sometimes overlapping programmes. This situation had the new policy of the Department as purchaser overlaid on it. Funded agencies were not included in the planning of these policy changes and there was no needs assessment or planning-for-service process guiding the allocation of grant funds.

III. THE INTRODUCTION OF THE CONTRACT REGIME[4]

THE RESTRUCTURING OF THE DEPARTMENT OF SOCIAL WELFARE AND THE CREATION OF THE COMMUNITY FUNDING AGENCY

The National Government's social policy statement, *Social Assistance: Welfare that Works* proposed reforms which would 'fundamentally change the way New Zealanders will view social security and assistance to social services' (Shipley, 1991 p87)

The proposed reforms relevant to this study were:

1.   Centralisation of funding - The Department of Social Welfare was to become the primary funder of social services provided by non-government agencies. The advantages identified were that planning would be easier, accountability would be enhanced, duplication would be avoided, and the distinction between the role of the state as funder and the providers would be

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[4] Unreferenced information in this section was gathered from key informants.

made clear.

2.   Division between the funders and the providers. This was seen as necessarily requiring explicit contracts between funder and provider. The advantages of this were identified as improved accountability from providers; increased competition for funds between providers leading to an increase in efficiency; increased ability to get the best services because funding can be withdrawn from poor performing providers; greater personal choice for the users; and improved flexibility, allowing particular groups to have services tailored to their specific needs (Shipley, 1991 pp75-77).

The document also indicated that a review of the Department of Social Welfare was in progress, with a view to restructuring it in line with the reforms (Shipley, 1991 pp80-81).

Impetus to restructure came also from senior managers within the Department. The single structure had been delivering social welfare in the form of benefits and pensions as well as social work services, and was becoming increasingly complex and difficult to manage; accountability was difficult to monitor and budgets were repeatedly overspent. The managers reported to the Director General and presented a model for reform which went much further than the series of incremental changes achieved by previous restructurings (Verna Smith, 1994 p45).

The restructuring created three separate business units within the Department for delivering services, each with its own General Manager responsible to the Director General. These units are the New Zealand Income Support Service, managing the payment of social security benefits; the New Zealand Children and Young Persons Service, delivering social work services to children and families relating to care and protection and youth justice issues; and the New Zealand Community Funding Agency, responsible for allocating government funding to non-government social and welfare services. (Separate small business units provide services internally - the Social Policy Agency provides policy advice to government, the corporate office and the computer information services unit provide support services to the other units). The plan was agreed to and announced in broad outline in 1991 and operationalised in 1992. By early 1992 the Community Funding Agency's mission was stated as:

To allocate and deliver funding and service to community organisations in

accordance with the policies of Government effectively and efficiently so that New Zealanders have access to a range of appropriate services and that there is a choice of providers (DSW, 1992 *Into the Nineties: The Blue Print: Presentation Kit for the Restructuring*, Wellington, quoted in Smith, 1994 p48).

The restructuring of the Department and the subsequent development of the Community Funding Agency reflects the managerialist principles of the new public management. It clearly separated funder and provider functions; it emphasised improved efficiency, clearer accountability and cost control as reasons for the changes. A relatively flattened and decentralised management system was set up which placed teams of mobile 'outreach workers' with Team Leaders in local areas under an Area Manager, and with local responsibility for services planning, approvals and contracting. Over the next two years the Agency set about developing a process for the identification of need and the planning of services, and developed the contracting process as the mechanism by agencies are funded along lines recommended in the new approach, with purchase of service by unit cost of outputs, and with measurable reporting systems set up to monitor contract performance.

There was a significant change in the way staff and their roles were defined. The notion of community social work of any kind within the Department of Social Welfare was abolished.[5] Verna Smith quotes notes of a Departmental meeting planning the organisation of CFA as stating that community development was no longer a legitimate activity of the Department as it was not required by the new CYP&F Act 1989 (Verna Smith, 1994 p46).[6] This is a rather limited interpretation of the Act. The previous mandate for community development work quoted from these notes was from earlier legislation which included 'encouraging co-operation and co-ordination amongst...[agencies]...engaged in social welfare activities' as one of the general functions of the Department

[5] Community development work is also not defined as part of the work of the Children and Young Persons' Service either. A small amount is still done but social workers know that they will not be allocated any time for this, and work loads are so heavy that few get involved in community development social work apart fror some participation in networking meetings.

[6] In fact the Act could bé interpreted as requiring that the Department does engage in community development in respect of services relating to children and young people. S7.2.b.i. states that the Director-General shall promote 'the establishment of services (including social work services, family support services, and community-based services designed to advance the welfare of children and young persons in the community or the home).

(Department of Social Welfare Act 1971 s4) which the notes say 'have not been replicated in current legislation' (Verna Smith, 1994 p46). However, the new 1989 legislation states that the Director General of Social Welfare has the duty to 'to take such positive and prompt action as will...best ensure - that the objects of this Act are attained' (CYP&F Act 1989 s7.1.a) and the first object of the Act is 'establishing and promoting, and assisting in the establishment and promotion, of services and facilities within the community that will advance the wellbeing of children, young persons, and their families and family groups...'(CYP&F Act 1989 s4.a) Further, it states the Director General shall 'promote - the establishment of services (including social work services, family support services, and community-based services designed to advance the welfare of children and young persons in the community or the home)...' (CYP&F Act 1989 s7.2.b). While of a different kind - establishing and promoting rather than encouraging co-operation and co-ordination - and limited to services to children young people and their families rather than the more general 'social welfare activities', there is a clear mandate for a community development role for the Department of Social Welfare.[7]

The outreach workers, team leaders and management positions were defined as administrative positions. There was seen to be no particular need to employ professional social workers in any positions. Some social workers who had previously worked in Community Services Teams were in fact employed by CFA. Numbers of other staff came from clerical positions within government departments, in particular from redundant positions in government agencies which had been down-sized. CFA outreach workers are specifically instructed that it is not part of their job to do community development work, and that they are not able to hold any positions within non-government social service agencies. These activities would compromise the separation of funder and provider.

CONTRACTING FOR SOCIAL SERVICES

The Beginnings of Contracting

Contracting as a means of formalising the funding relationship between the Department and non-government service providers started to be discussed from

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[7] Agency development in the form of assistance and advice to groups about funding sources, organisational matters and achieving legal status are provided by the Department of Internal Affairs, but not proactive community development.

around 1987-88. The Department of Social welfare commissioned a literature review from the Department of Social Policy and Social Work at Victoria University of Wellington (Fulcher et al, 1988). This report reviewed the advantages and disadvantages of contracting from a social policy perspective, not from the organisational economics perspective being used by Treasury advisors. I personally heard rumours amongst non-government agencies that the Department was intending to move so far in this direction that eventually all direct social work services, including the statutory powers of social workers employed by the Department of Social Welfare, would be 'contracted out'. This 'changed role' was confirmed by the Briefing to the Minister in 1990 which stated:

> The Department is therefore moving towards a primary role of developing and co-ordinating policy, and as a funder and monitor of indirect services (Department of Social Welfare, October 1990 pp 64-65).

The administrative processes whereby public money was transferred to non-government providers were to be revised and made more accountable. Contracting has provided the means for the Department to achieve this. In 1989 the Department published a set of principles and guidelines for contracting social services which reflected the concepts of partnership with the voluntary sector which was a feature of policy development in the 1980s. It defines a contract as:

> ...a mutually negotiated agreement under which one organisation undertakes to fund defined welfare activities, and the other organisation (or individual) undertakes to provide them according to specified terms and conditions (*Contracting for Social Services*, 1989 p5).

This document allowed for considerable flexibility in the way contracts were drawn up and monitored, but required that certain key principles were followed: services contracted were to be culturally appropriate, and client focussed; there was to be equity of access for clients; the contracts were to be drawn up with mutual negotiation, have clarity and flexibility, a focus on effectiveness, clear statements about accountability processes, and clear time limits; and decision-making was to be local. This document envisaged contracts which would simply specify what kinds of service would be provided and the client group to be served, possibly expressing some of this numerically as service delivery objectives and outcome objectives. Accountability was to be achieved through monitoring and evaluation. This was envisaged partly as an ongoing interactive

process and partly as the provision by the agencies of annual statistics of client demography and services provided to them, together with annual accounts. For large contracts an analysis of unit costs may be required. It was suggested that an evaluation process may be used, involving the service provider, the Department and possibly the consumers, but the document was vague about how this might happen or be measured. The language of contracting was starting to be used, but the system for funding was much the same as it had previously been - funds were still to be provided as a bulk grant to contribute to operating costs such salaries, with monitoring processes being mostly by control over inputs. For small grants or where the funding covered only part of the costs it suggested a 'letter of grant' could be used, which simply stated the decision to fund, the amount provided and the purpose for which it was provided. *Contracting for Social Services* was drawn up with input from the voluntary sector and clearly puts forward a mutual partnership approach to the process. It rejects the notions of commercial style competitive tendering and thus contracting of only the most cost effective services, arguing instead for a co-operative approach between agencies (*Contracting for Social Services*, 1989). However, internal guidelines for the training on contracting provided to Departmental staff did promote a more commercial approach, suggesting that competitive tendering be used as long as it could be done without losing quality of service (DSW *Circular Memorandum* 1991/146). In practice, I am told by key informants, Community Services Teams continued to use the co-operative approach to which they and the providers were accustomed.

The department started using contracts in 1990 as a way of transferring the money which was already being paid to agencies in grant form, and from 1991 staff were instructed that all funding was to be issued under contract (DSW *Circular Memorandum* 1991/146). There was considerable variation in the specificity with which Community Services Teams had developed contracts. At the time CFA was established and took over the process, many agencies' contracts were still in a form which specified the kind of service to be provided but with no clear specification of the number of units of service to be provided. Many specified that the funding was to be used to subsidise a specified number hours per week of staff time. Some specified numbers of clients or numbers of groups of clients to be served; some specified a minimum number of hours of service; some specified the number of 'places' available for children in care.

Contracting for Outputs and Unit Cost Purchasing

Between 1992 and 1994 CFA moved quite rapidly away from these looser contracts, which allowed for variation in the way services were delivered and funded, to a much more commercial and tightly defined contracting system. In 1993 the State Services Commission had produced a set of guidelines for government department contracting for social services. This document focusses on the practical tasks and does not include any reference to mutuality or partnership principles. It does, however, make recommendations on how government contract managers can work with service providers to help them through the initial change to contracting. It also recommends that contracting take account of client needs appropriately, and allows for contracts of blocks of related services, rather than individual services, so that the holistic approach which many agencies use to meet the complex needs of clients can be supported (State Services Commission, 1993). In 1993 CFA also produced its own guidelines for provider agencies. This not only makes no mention of any principles on which the contracting relationship is to be based; it deals only with the practical commercial requirements of the agencies wishing to be contracted, and assumes a contract which purchases specific services by unit cost (NZCFA, 1993ii). It defines a contract as involving:

1. Offer and acceptance;
2. Payment;
3. Intention to create a legal relationship;
4. Certainty as to the terms of the agreement;
5. Capacity to contract (NZCFA, 1993ii).

In the funding year 1994-95 CFA changed its contracting process so that now all contracts are purchase of service agreements which specify an exact number of outputs as units of service to be provided, and these are purchased at a specified unit cost. For similar services provided by different agencies the same definitions of outputs are used. They also specify the way outcomes are to be measured and the percentage of satisfactory outcomes which must be achieved (usually no less than 85%). The detail of how outcomes are to be expressed is worked out with each provider, but for similar services provided by different agencies CFA has guidelines which attempt to keep the outcome measures comparable. Regular 'Contract Performance Reports' must be submitted by the providers. This degree of clarity, uniformity and specificity means that accountability measures of *quantity* of service provided for the price paid by CFA are more transparent, but it brings with it a range of other problems, as the interviewees in this study point

out. As one means to ensure that *quality* services are provided the Agency has a set of Approval Standards which providers must meet before they can be contracted. Also it has in 1995 commissioned social researchers to design an evaluation process for services provided under one of the funding programmes, which will measure performance much more thoroughly than the Contract Performance Reports can.

Redefining Non-government Agency Services as Services on behalf of the Government

It is important to recognise that this new system was not set up to purchase services which the government had decided it needed to 'buy in' rather than provide as a direct service. The language and format of contracting was simply overlaid on the old system. Services which had been initiated and designed by non-government agencies have continued to be funded, but now they are defined as services on behalf of government. The managerialist logic behind this is that the Public Finance Act does not allow public money to be spent on anything other than the defined outputs of the government department which is managing it. Agencies under the old grant-in-aid system could be granted money to subsidise the services they chose to offer, as long as these fitted broadly within the criteria of one of the funding programmes. The CFA task is now defined as the purchase of social and welfare services on behalf of Government (CFA *Vision and Mission Statement* in National Services Plan, 1994-95).

Not a Purist Quasi-Market

A purist form of quasi-market relations in the social services has not been introduced. This was more comprehensively attempted with the National Government's reform of the health sector in 1992, where government health providers (Crown Health Enterprises, formed from the former public health services), private for-profit providers and non-government not-for-profit providers must all compete for funding from the purchasers, the Regional Health Authorities.

The new system is not a wholesale change to a quasi-market in that:

1. CYPS continues to provide direct services - not all services are contracted out. It is unclear whether this will continue. It is still rumoured that there are plans ultimately to contract out all services, and that this is a course

which is supported fairly publicly by the current Director-General of Social Welfare in meetings with representatives from the voluntary sector.[8] Practice varies from area to area in the country, from office to office and from case to case on what is contracted out and what is provided internally.

2.   CYPS continues to receive its own funding from Vote Social Welfare to operate as a government department providing direct services. CYPS is not required to enter into the contracting process as a competitor alongside the non-government providers.

3.   Competitive tendering has not been introduced. When the contracting round is approaching CFA invites approved non-government agencies to submit proposals for funding for the coming year in which they specify the numbers of outputs they wish to contract to provide and nominate the unit cost at which they wish to be paid.

4.   CFA does not contract with private for-profit providers. The funding provided is specifically for non-government not-for-profit agencies.

5.   CYPS itself is also a funder, in that CYPS engages agencies *and* private for-profit providers on a case by case basis for specified services to CYPS clients and pays for these services on invoice.

The range of direct government services has been defined in a more limited way, so that not only does CPYS focus exclusively on services to children and young people in need of care and protection and on youth justice services, but within the care and protection services the focus is on acute or serious abuse and neglect. This has been only partly because the wording of the CYP&F Act has been interpreted to have changed the brief for the Department, compared with a wider concept of the general functions of the Department as set out in the Social Welfare Act 1971 and in the previous Children and Young Persons Act 1974. It has also partly occurred because the number of notifications of abuse has risen so dramatically that CYPS offices have established priorities regarding the kinds of referrals to which it can respond. The transfer of services to non-government provision has been a gradual one, accompanying a gradual limiting of direct services; that limiting has not meant a diminishing of the *size* of the direct government provider but of the *range* of services it provides directly for a much larger client population.

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8   Key informant communication

SERVICES PLANNING

Needs Assessment and Funding Allocations
Part of the CFA role is to identify the needs for social services in each of its geographical areas and prioritise them. Over several months prior to the contracting process each year, CFA undertakes a Services Planning process, in which CFA states it 'consults communities'. CFA describes the way this is done:

> through a variety of methods including discussions with service providers; written questionnaires/telephone surveys; and community forums and hui.
> Outreach staff also seek information from a range of sources, including clients of service providers, and key local agencies such as schools, the Police, local authorities, and the health sector (NZCFA 1995).

Each area office then prepares 'Area Issues Papers' in draft form 'to enable service providers and community representatives to provide feedback'. It then prepares 'Area Outcomes Papers' 'which detail how the issues papers were translated into funding decisions (NZCFA 1995 p8). A National Needs Indicator Index is used to assist in targeting funding. The index gives a population-based weighting to seven predictors of social and welfare needs, most of which are derived from the national Census: percentage of Maori and Pacific Islanders in the population; unemployment figures; percentage of the population on Income Support; number of single parents with dependent children; number of multi-family households; degree of isolation from services; cost of housing. Using this index funds are allocated out of the CFA annual budget for the purchase of Non Departmental Outputs. Area teams then allocate these funds among provider agencies using the Services Plan. CFA states:

> The combination of the two systems of needs assessment ...is fairer and more accurate than previous methods, which were based on historical patterns (NZCFA, 1995 p9).

Puao-te-Ata-tu
The CFA National Services Plan for 1994-95 states that Puao-te-Ata-tu is a crucial document

> in expressing the Agency's commitment to biculturalism and to the delivery of services which are culturally appropriate and produce welfare outcomes for Maori....
> Puao-te-Ata-tu expresses the Department's commitment to increasing

Maori management over their own social services delivery, emphasising traditional structures of whanau, hapu, and iwi. Legislation which came into effect in January 1995 establishing Iwi Social Services as approved providers of child and family support services is a major step towards enabling Maori to manage their own service delivery.

The Agency's Services Planning supports Puao-te-Ata-tu through the following aims:

• Maori people are able to choose Maori-based structures for the delivery of their social services if the prefer;

• Resource allocation to Maori-based structures takes into account the proportion of Maori in the client group and their need for social services;

• Progress towards Maori management will be developmental as structures become able to take on service delivery (NZCFA, 1995 pp9-10).

In this and other documents CFA has reiterated also its commitment to ensuring that services purchased are 'culturally appropriate' (NZCFA, 1995 p8). The restatement of the commitment to biculturalism does indicate that while managerialism in the new public management, underpinned by economic liberalism, has been a dominant factor in the policy changes in regard to government funding of the non-government provided social services, biculturalism remains an important component of the rhetoric.

In terms of the Department's bicultural policy, the contracting system entails a shift from the notions of partnership between Maori people and the Department which were essential in *Puao-te-Ata-Tu*, and which were reflected in Departmental policy around that time. Cody points out that by treating iwi as non-government agencies, subject to approval, inspection and the withdrawal of contracts, the policy has moved from partnership to a dominant-subsidiary relationship (Cody, 1990 p183).

SPECIFIC CONTRACTING ISSUES FOR CHILD AND FAMILY SUPPORT SERVICES IN THE 1994-95 YEAR

Child and Family Support Services

The CYP&F Act 1989 established the legal use of the title Child and Family Support Service. This term refers to an agency which is approved under the Act to provide services to children, young people and their families under that act. CFA has two levels of approval for Child and Family Support Services. Level One approval is required for any agency providing residential care for children

and/or young people, with foster families, in 'family homes' or in residences.[9] Level Two approval is required for any agency which provides any other social services to families in need of support specifically related to the care, protection and welfare of children. This may be in the form of social work services, home based or marae based support, parenting skills and child behaviour management training, youth day programmes for life skills and self esteem development, counselling, family therapy, abuse related counselling. Other social services to families which are not specifically related to the care and protection of the children, such as women's refuge, budgeting, housing and advice services are categorised as 'community welfare'. Level One approval includes all that is included in Level Two approval and some additional standards relating to the provision of care. All the agencies included in this study are Level One approved.

CFA contracts for services in three major 'sectors': Families in Need of Support, Community Welfare and Disabilities. Child and Family Support Services are funded under the Families in Need of Support sector. Within that sector for the 1994-95 funding round there were five 'pots' of funding,[10] of which four are relevant to the agencies included in this study: counselling/therapy; family/whanau resource development; residential care; and youth day (NZCFA, 1995). Up to 1994 some agencies had been funded out of more than one pot, for example funding counselling out of the counselling/therapy pot, family/whanau support work out of the family/whanau resource development pot and care out of the residential care pot. Others had provided all their services out of residential care funding.

Changes to the Contracting System in 1994-95

Two major changes were introduced into the Child and Family Support Service contract funding system in 1994-95: contracts changed from input subsidies to purchase of outputs and CFA began purchasing care for children on behalf of

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[9] A 'family home' is a family-like environment which accommodates up to 10 children and has family home caregivers who live there and parent the children. 'Residence' is a term usually applied to a slightly more institutional setting accommodating young people and/or older children, still with a family-like environment but with staff who work there in shifts and do not necessarily live on the premises. Residences usually provide organised personal growth and activity programmes for the residents. Some require that residents return to home or relatives for regular weekend visits.

[10] 'Pot' is the term used informally by CFA to refer to the separate categories of funding for separate output classes.

CYPS.

1. The change to unit cost purchasing of outputs

By the 1993-94 funding round Child and Family Support Services providing care for children were usually required to specify the minimum number of 'places' they provided, in the sense of the number of beds available to be occupied, but this said nothing about actual occupancy. Numbers of hours of non-care related services to be provided were frequently not specified. Usually the minimum number of social worker salary hours per week to be input for the contract money was specified. For the 1994-95 year contracts were required to specify for non-care-related services the number of hours of service to be provided, and for care services the number of 'bednights' to be provided - one bednight meaning one night of occupancy of a bed by a child. The bednight unit cost was to cover the cost of providing the bed, the cost of feeding and clothing the child, and the cost of any staff caregiving and social work service associated with providing the bednight. The unit cost was to be 'negotiated' with each provider agency individually, but in practice teams tended to pay a standard unit cost to each agency in their area. The residential care 'pot' was now to be used solely to purchase bednights. CFSS were required to estimate the number of bednights they would be providing for 'community referrals' (the term used for all referrals except those from CYPS) in the coming year, and after negotiation CFA would contract them to provide a certain number at a certain unit cost.

In practice, because historically they had only been funded out of the care pot, some agencies still could not get funds from the other pots, because it was already fully allocated; in fact the residential care pot is still used to purchase family/whanau resource development hours as well as care. And in practice in the services planning and funding allocations processes CFA has a limited budget with which to purchase Non Departmental Outputs (ie services for community referrals); funding levels to agencies tended to be related to what they had received the year before as much as to what their estimates of outputs for the coming year. The amount allocated to each agency had been decided by the team before negotiations began. Negotiations therefore were about how much of what service at what unit cost could be bought for the amount offered.

All contracts for the first time now included a claw back clause, whereby the provider agency was required to pay back to CFA at the end of the funding year

the unit cost of any units of service not provided (if the number provided fell short of the number specified in the contract) and of any units of service which were deemed not to be of an adequate standard. There was to be no provision in the 'community contracts' for any additional money to be paid to provider agencies if they provided more than was specified in the contract.

CFA acknowledges that they are not paying the full unit cost for services. Funding is described as a *contribution* to the purchase of services (NZCFA 1994ii p13). Provider agencies are expected to supplement the money from CFA with funds raised from other sources.

2. CFA contract purchase of care for children on behalf of CYPS

Child and Family Support Services have, since their inception under the CYP&F Act, provided their services to two groups of clients: those referred from the New Zealand Children and Young Persons Service and those, generally labelled 'community referrals', who are self-referred, referred by their families, or from a range of other government and non-government agencies. The practice generally was to apply the CFA contract money to the 'community referrals' and to charge a fee for service on a case by case basis for CYPS referrals, invoicing them retrospectively on a fortnightly or monthly basis. This applied to both care and non-care services.[11] The amount charged to CYPS varied widely from agency to agency and from one part of the country to another. The charge for care, for instance, varied from around $65.00 per week to over $500.00 per week.[12] Some agencies used all volunteer staff and caregivers, charging only enough for very basic child maintenance costs, while others ran residences with comprehensive programmes using numbers of paid staff.

Early in 1993 CYPS was subject to a review of its operations by a firm of consultants. There had been widespread national publicity over the previous year regarding the burgeoning number of notifications of abuse to CYPS, the inadequacy of the CYPS response and the shortage of frontline social work staff. CYPS requested an increase in their budget. The review, known as the Weaks

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[11] In the variety of contract types up to 1994 there were some agencies for whom there was not such a clear distinction - some counselling agencies had written into their contracts that they would provide a certain amount of service to CYPS, eg 200 counselling hours, so that they only started charging a fee for service for hours above that amount).

[12] Information gleaned from networking meetings attended.

Report, concluded, amongst other things, that money could be saved on administration and management costs which could be directed to increasing the numbers of social work staff (Weaks et al, 1993). A number of solutions were canvassed, one of which was that CYPS as a service provider should not be in the business of purchasing service, and purchase of care services in particular absorbed a lot of administrative time. For the 1994-95 year CYPS offices were still to have a budget for purchasing care, but CYPS managers were asked to predict for the year how many bednights they would be using from each CFSS. On the basis of these estimates, CFA was to draw up a 'CYPS Bednight Contract' with each CFSS, specifying the number of bednights being purchased per CYPS office, and pay out the money, CYPS offices having transferred the appropriate funds out of their care budgets to CFA.

The claw back clause was in these contracts. There was again no provision for CFSS to be paid for more bednights if they provided them. The operations manager of CFA was for some time adamant that this situation should not arise, as CYPS managers should be able to predict accurately how many bednights they would need, as this simply required the exercise of a management skill they should all possess. However, in fact supplementary contracts were negotiated if a CYPS office in the course of the year wanted to use more bednights from a provider than they had been contracted for at the beginning of the year.

The first announcement regarding these changes was made in September 1993 at a national conference of CFSSs by the then General Manager of CYPS. A firm of accountancy consultants (Deloitte Touches Tohmatsu) were commissioned by CFA to survey all CFSS in order to identify a unit cost for bednights. Their conclusion was that, primarily because of the great variation in the kinds information kept by agencies, as well as the range in kinds of service provided, it was not possible to identify a single unit cost which applied across the country (Deloitte Touche Tohmatsu, 1993). A working party was set up which included managers from CFA, from CYPS and from a number of CFSS, to work on the details of the new system and a protocol was produced; this group, known as the 'reference group' continues to meet.

The purchaser/provider split between CFA and CYPS remains incomplete. There was no attempt to transfer to CFA the administration of payments for other services (eg counselling and therapy, social work, parenting training) provided by

non-government agencies to CYPS. Sometimes even the bottom line social work tasks of CYPS, that is, the investigation and assessment of abuse notifications, are purchased in on a case by case basis. All these services are still paid for by fee for service. Agencies are engaged by CYPS on a case by case basis as they are required and are paid on invoice. There are defined legal, administrative and financial and practice frameworks within which this can happen. CYPS also uses a mix of direct and indirect services for residential care and for other services for its clients. It has 'family homes' in some districts and not in others. Some offices maintain their own pool of foster parents, as well as using CFSS for foster care. In some areas there are no non-government agencies providing care services. CYPS also has its own Specialist Services Units, which are regional services providing specialist family and individual therapy for CYPS internal referrals.

Reporting requirements changed with the change to output contracts. In previous years CFSS had been required to provide complex reports. In addition to demographic information about the client population, these required complex statistics about the variety of services provided, the number of hours spent on each kind of service and a distribution table of numbers of clients per number of hours spent. For care services the details were even more complex, requiring statistics showing numbers of children in care under various sections of the CYP&F Act and details of the outcomes of care. These requirements were an attempt to measure whether the services being provided conformed to the approval standards and to the CYP&F Act. Because care provision is more complex than the reporting forms allowed, they were subject to a range of interpretations,[13] they did not really give CFA very useful or comparable information and were not put to any use within CFA. The new system simplified the reporting requirements, as they were no longer attempting to monitor these professional practice issues. Now only a brief demographic report on client statistics is required, along with a Contract Performance Report for each contract which is submitted quarterly, reporting the number of outputs provided and·

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[13] For example, one child may be in care for a continuous period but under different sections of the Act, while progressing through legal processes, while another might be in care for several brief periods for respite care under the one section. Counting numbers of children in care under various sections did not therefore give much sensible information, as the figures would not even indicate whether the CFSS was conforming to the requirement that all care provided have a legal status under the Act.

number of outcomes achieved.

IV. RESPONSES FROM THE VOLUNTARY SECTOR

There have been some published responses from the voluntary sector to the changes in the funding system. Both the Federation of Voluntary Welfare Organisations and the Council of Social Services publish newsletter/journals, *Dialogue* and *Signpost,* which provide information and advice to members. Both of those organisations and the New Zealand Council of Christian Social Services have produced advice papers for their members, which offer a critique of the contracting system and advice on managing it. These organisations also present papers to government from time to time. The Council of Christian Social Services since 1992 has conducted an annual 'monitoring exercise' of the CFA processes across a sample of its membership, and presents a report on these to CFA, highlighting concerns and recommending technical changes to address them.

Verna Smith is the national Operations Manager for CFA. Using some published sources, but drawing also on feedback given directly to CFA by individual organisations and national bodies and on evidence given to the Waitangi Tribunal in the hearing of a claim brought by a pan-Maori social service agency against CFA in 1994, she summarises voluntary sector endorsements of and concerns about the CFA contracting process:

CFA has received endorsements of the contracting process in the following aspects:

1. The outreach worker is seen as more accessible, mobile and supportive than previous officers of the department. However, questions are frequently raised about their workload as they are often difficult to contact.

2. The simplicity of the contract document, which minimises the need for legal advice.

3. The value of the approval process for quality control and public validation of standards of service.

4. The increased contestability and the move from political to technical control of the process of funding, which reduces the ability of larger more powerful lobbying groups to monopolise funding.

5. A faster flow of funding to organisations than under the previous

system.

However, she states that much of the commentary has reflected concerns at the extent and nature of the changing relationship with government, identifying the following concerns:

1. Contracting is seen as an intrusion into the independence of organisations to identify and deliver services, also as shifting the focus to short term service objectives at the cost of longer term ones.

2. Increased clarification of government department boundaries has left gaps in service, which are not being addressed by CFA services planning, which is not broad enough and not genuinely consultative.

3. The exclusion of community development from CFA's role either directly or through funding has reduced the agencies' ability to advocate for their communities.

4. The new system is seen to be high in compliance costs for agencies without demonstrating any net social benefit. Agencies may need to amalgamate and professionalise, and thus lose some of their responsiveness and variety.

5. Uncertainty, variability, low levels of funding and the payment of unit cost funding which is below actual costs, combined with requirements of maximum outputs and maximum accountability increase the power imbalance between government as funder and voluntary sector as provider. Some large scale providers are able to capture more favourable funding.

6. There has been some opposition to a shift in funding from traditional organisations to newer Maori and Pacific providers and from urban to rural.

7. The shift from input costs to outputs is beneficial but has meant the focus is too narrow, because it inhibits the achievement of holistic and responsive services.

8. There has been frustration at the rapid pace of change, with the accompanying costs which organisations have incurred in training, in administrative changes and in information systems.

9. There has been widespread opposition to the increasing reliance of the state on voluntary sector activity rather than direct provision, at the same time as other government welfare policies (such as benefit level reductions) have increased the workload (Verna Smith, 1994 pp62-64).

Other issues raised by the voluntary sector are:

1. The current contracting process is controlled by the purchaser and

does not allow for mutual negotiation (NZCOSS 1994 p1).

2. The concept of partnership has been removed from the relationship between state and voluntary sectors and should be built back in to it (Nowland-Foreman, 1995 p27).[14]

3. The contracting system leads to the atomisation of services (Nowland-Foreman, 1995 p29).

4. Current outcome measures are too simplistic to be a useful measure of performance, so that the substance of good practice is replaced by the form of measurement for its own sake (Nowland-Foreman, 1995 p35).

5. Contracting introduces a much greater degree of competition between non-government agencies, which acts against service integration and co-ordination, leads organisations to compromise quality and to move from a client focus to a managerial-administrative focus (Nowland-Foreman, 1995 p31).

6. Contracts symbolise much wider changes for the voluntary sector:

> While in some senses only a neutral administrative tool, they are also the flying wedge of a whole new relationship between government and voluntary organisation, among voluntary arganisations and the clients and communities they serve (Nowland-Foreman, 1995 p37).

V. CONCLUSION

From 1984 New Zealand has experienced substantial reform and restructuring of the government sector. Contracting for social services has been part of this, contributing to radical change in relationship between the state and the voluntary sector in general and between the Department of Social Welfare and non-government agencies providing care and other social services to children and families. Direct services provided by the state have become more narrowly defined. When government funding is available to non-government agencies, this is in the form of purchase outputs of service by unit cost, instead of by way of grant to contribute to the support of an agency. Services provided by the non-government agencies and funded by contract are now defined as services provided on behalf of government. Responses from the voluntary sector indicate an appreciation of some aspects of the new funding regime, but also numerous concerns both about process difficulties and about wider implications. The relationship has moved from one characterised as a partnership to one defined by

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[14] The paper by Garth Nowland-Foreman has been produced specifically as an advice document for the Council of Christian Social Services and has not been published.

the commercial principles of contract. Chapter Six examines in more detail the values and metaphors which have been used in discourse about the relationship over the last decade.

CHAPTER SIX

THINKING ABOUT THE VOLUNTARY SECTOR IN
NEW ZEALAND:
VALUES AND METAPHORS, PARTNERSHIP AND
COMMUNITY

I. LANGUAGE AND THE CHANGING POLICY CULTURE

EMOTIVE LANGUAGE IN THE POLITICAL DISCOURSE

Accompanying the changes which have occurred in the economy and the state,
there have been changes in the language of the political culture. As O'Brien and
Wilkes point out, a high moral tone has been imparted to the political language
associated with the changes, with highly moralistic appeals to personal
responsibility, family responsibility and community care (O'Brien and Wilkes,
1993 pp 21, 86), along with the importation of the language of the business
world of contracts, customers, business units, competition, level playing field,
incentives and disincentives into political discourse. However, at the same time,
terms which belong to a different political culture, such as 'social justice' and
'equity' continue to be used at times as justification for the new policies. This can
be regarded cynically as political expediency. But it also has to do with the way
the language of political cultures and social ideologies change in response to
changes in their real environment, interacting with the way ideology is drawn on
to instigate and justify change. The terminology and metaphors used are 'sponge
words' which can soak up meaning from their context, and be used with quite
different meanings and connotations by different actors; they are frequently words
which defy clear definition and are imbued with warm, attractive and admirable
connotations. The effect in social policy discourse is that the language provides
both a means for participants to disagree with each other and a means for them to
continue to negotiate and co-operate with each other. Use of the language of
different and ultimately conflicting political cultures at the same time by the same
people can enable them to maintain the integrity of their own ideologies and sense
of mission as well as managing major changes in their environment of the order
of those which have been introduced in the voluntary sector with government

contracting. The new language may then become the language of debate *within* the system while the old language continues to be used for debate *about* the system. Some of the voluntary sector responses, such as the Christian Council of Social Services annual monitoring reports on CFA, are largely commentary *within* the contracting system, dealing with process and implementation issues.

The importance of 'accountability' for instance has been promoted since the early 1980s by people working in the community and arguing from a radical reformist position, against what they saw as a lack of accountability by large government bureaucracies and traditional charities. Both for practice issues and for the use of public funds, accountability to the client group, sometimes to the 'community' to which the client groups belonged, or sometimes to another section of the community was demanded.[1] Dual accountability - to the client and to the government funder - was addressed as an issue for health services (Davies, 1990; Rivers and Willams, 1991). Accountability however is a concept which has also been used to criticise the smaller more radical 'community' groups regarding their use of public funds and lack of rigorous financial accounting. It is now a key term in the contract culture. Thus when people from non-government agencies say they have no problem with accountability, the term can carry the emotional connotations of broad accountability to the community for performing with integrity, rather than *or as well as* the more narrow financial accountability of the contract culture.

Two important concepts which have been used in comment from and about the voluntary sector are the concepts of 'partnership' and 'community'. These concepts can be traced in government policy documents in the 1980s when the policy of devolution was being considered as one strategy to address the widespread criticism of the statutory provision of social services as remote and disempowering. While these terms are much less used by government now, they continue to be important concepts for the voluntary sector. Such terms carry significant emotional meanings and connotations, and are ways of representing to ourselves ways of thinking about rights as well as roles and responsibilities of the state and voluntary sectors. It is notable that while the language of contract has for the most part replaced 'partnership' and 'community', these are still appealed to at times in political rhetoric. They form a language within which the

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[1] eg Men's groups addressing male violence being accountable to women, Pakeha groups being accountable to Maori.

government and the voluntary sector with what may be very different objectives and aims, can continue to discourse and reach a level of agreement about policy changes.

THE CONCEPT OF PARTNERSHIP

In 1986 the government advice document on the relationship with the voluntary sector was called *Partnership: The Delivery of Social and Community Services*. It offered several guidelines on moving from what was then seen as two parallel but largely separate and autonomous sectors towards welfare pluralism through developing 'true partnership'. This was seen as needing to be on an equal basis, a genuine partnership without manipulation and with consultation. In a funding relationship the statutory agency has power and assumes it can set the terms for any co-operative enterprise, but the document states:

> Such a one-sided arrangement makes the non-statutory agency more an agent or an employee than a partner....
> In a true partnership both parties have a common goal, and seek to bring their different resources together to achieve it more satisfactorily. Each must recognise that the other has a contribution to make which is needed if the total enterprise is to succeed, and the right to a full part in the consultative and decision-making process. The partnership arises from negotiation about respective functions and responsibilities. Once the terms are settled, each partner is equally bound to observe them (Social Advisory Council, 1986 p11).

This concept of partnership was also present in the State Services Commission policy study, *Sharing Control*, the 1988 report of a Task Force looking at ways to bring social services closer to clients. It states that:

> ...partnership should involve power sharing across the design, delivery and evaluation of services....
> while partnership clearly has an essential contractual basis, the most enduring element of partnership is that of interpersonal trust.....
> there can be little basis for trust (and thus interactive management) between community groups and state agencies where there is no reciprocal accountability relationship, ie. if officials do not recognise an accountability to clients (State Services Commission, 1988 p27).

Both of these documents discuss the practical implications for government and for accountability of this kind of partnership. I have quoted them at some length because they present a concept of partnership which was defined and developed for a time as a working policy concept. It has not been promoted by government

since 1990. Department of Social Welfare publications rarely use the term partnership in relation to the voluntary sector now, and rather than being a working policy concept, it is only to be found in the context of rhetoric, in forewords and prefaces, a metaphor which has been used internationally as 'a sufficiently vague term to obscure the real nature of the relationship' (Billis, 1992 p41; Smith and Lipsky, 1993 p20). The following are examples of this usage:

> In the year ahead the focus will shift more clearly towards maintaining and enhancing service delivery for our clients and strengthening the partnership which exists between the department and the wider community (Director-General's *Introduction* to the Department of Social Welfare *Corporate Plan* 1995 p4).

> I am pleased to report that the first, firm steps toward developing iwi social services were taken this year, in partnership with iwi around the country (The Minister of Social Welfare in his *Foreword* to the CFA *National Services Plan* 1994-5 p5).

> Tremendous progress can be made if the community will work in partnership with the Government sector (Minister of Social Welfare in his *Foreword* to the Department of Social Welfare policy statement *From Welfare to Wellbeing*, 1994 p1).

The state sector reforms introduced a structure which effectively put an end to policy experimentation with the concept of 'true partnership' or of government departments or enterprises having accountability to clients or 'community' as well as to the Minister. This is confirmed by Verna Smith a senior national manager in CFA:

> ...the Agency has frequently re-stated the authority of the Government, as the single principal, to determine funding priorities and to be held accountable for those decisions through the political process. This contrasts with the expectations of partnership expressed by the sector itself....the calls of the voluntary sector for partnership in such decision-making are unlikely to be endorsed in the short term (Verna Smith, 1994 p76).

The concept of partnership still has considerable currency within the voluntary sector. There are three national associations of voluntary sector organisations in New Zealand: the Federation of Voluntary Welfare Organisations, whose main support has come from larger older charities; the New Zealand Council of Christian Social Services, representing the major church-based organisations; and the New Zealand Council of Social Services, a federation of local Councils of Social Services, which tend to be more representative of the smaller, locally-

based, often more radical organisations, with a stronger Maori, Pacific Island and women's presence. Comment from the voluntary sector is presented by these national bodies in newsletters, and in discussion papers or advice documents offered to their membership and to government. These continue to argue for a partnership as the appropriate relationship between the voluntary sector and government.

Partnership, with the mutual negotiation it implies is a core concept in *Negotiating with Government Agencies*, a mimeo discussion paper prepared for the Council of Social Services in 1994, which presents a critique of CFA contracting in terms of its lack of opportunity for negotiation at all stages of its planning, funding allocation, contracting and monitoring processes.

> If any real value is to be obtained from a government-community partnership then this should be a key area for constructive negotiation between the partners (NZCOSS, 1994 p3).

The paper points out the change in the government definition of contract between 1989 and 1994 from the guideline document, *Contracting for Social Services* definition, ' a social service contract can be defined as a mutually negotiated agreement..' to the recent definition by the General Manager of CFA of 'an offer (by the funder) and acceptance (by the provider)' (New Zealand Council of Social Services, 1994 p1).

The chief executive of Relationship Services (once Marriage Guidance), an organisation which is funded nationally by CFA, recently presented a paper which again defines the relationship between the organisation and government as a partnership, and which calls for 'a new partnership relationship', setting out requirements for 'making the partnership work': mutual respect and empathy; equal partners negotiating freely; giving emphasis to outcomes not outputs; payment of true unit costs; realistic time-frames; transparent communication; and the application of market principles equally to purchaser and provider (Renouf, 1995 p8).

A background paper prepared for the New Zealand Council of Christian Social Services in 1995 states that the voluntary organisations want a 'genuine partnership' and suggests ways this might be achieved.

> A true partnership is more likely to involve:
> • government supporting and resourcing the activities of voluntary organisations which are in line with government policy;
> • where the voluntary sector participates through choice in government social programs which they see as being beneficial to the broader community; and
> • where the community itself is intimately involved in identifying needs, setting service directions and implementing solutions that work (Nowland-Foreman, 1995 p27).

Nowland-Foreman argues that a competitive market model is appropriate only if the goal in contracting is cost-efficiency, but that if the goal is flexibility in targeting resources to meet needs then a partnership model is more appropriate. He does not reject contracting as a funding mechanism which is related to clear, transparent and mutually agreed performance indicators. The document suggests that the contracting mechanism in fact could be used as a means to give practical expression to partnership, by:

> • explicit recognition of their (voluntary agencies) contributions, and the value of their community and service knowledge;
> • fully funding those services the government is contracting (including overheads);
> • only expecting accountability for what is funded;
> • generally funding on a 3-year basis;
> • obliging early consultation at all levels(from social policy to data collections); and
> • fair systems of review and dispute resolution (Nowland-Foreman, 1995 pp27-28).

This concept of partnership is clearly not in accord with the government approach, but both government and voluntary sector continue to appeal to it, the government rhetorically, thus engaging the support of 'the community', and the voluntary sector as one way of arguing for change in the contracting regime so that it fits better with their own vision.

THE CONCEPT OF COMMUNITY

In New Zealand the term 'community' is used, both by government and by the voluntary sector, in relation to the provision of social and welfare services, without it being very clear what the term refers to, or how it differs from the 'public' on the one hand and the voluntary sector on the other. As with 'partnership', 'community' is now used somewhat less by government than it was during the 1980s, when the relationship of the Department of Social Welfare with the voluntary sector was expressed in a number of policy documents as a

relationship with the 'community' (State Services Commission, 1988; Social Advisory Council, 1986). Non-government organisations are referred to, and refer to themselves as 'community organisations', 'community groups' or 'community-based organisations', even when they are large national or even international organisations; consulting with 'the community' in practice often means consulting with any service providers, including government agencies, other than the government agency doing the consulting; 'community care' can simply mean care anywhere except in a government institution. The General Manager of CFA illustrated the breadth and varieties of meaning which this word can carry when she stated to the Waitangi Tribunal that she is not

> directly accountable to the *community* but to the *taxpayer* through government. I do accept though that there is reciprocity in NZCFA's relationship with the community (quoted in Verna Smith, 1994 p57, my italics).

Those policies which were introduced in the 1980s in an attempt to increase 'community' participation in decision-making, to allow for 'community' monitoring of the Department of Social Welfare, or to devolve control over allocation of funding, all involved assumptions about what the community is and how it is to be identified. The problematic nature of these questions were largely avoided.

When 'community agency' is used to refer to non-government welfare agencies, it is not at all clear how it is to be distinguished from the older terms 'charity' and 'voluntary agency'. The obvious implication is that the organisation has arisen as a local initiative, but the emotional overtones seem to indicate that it is somehow better to be a 'community agency'.

Although 'community' has been used in Departmental documents I have not found one which defines it. In the Act, it is used in Section 4, which requires 'the establishment and promotion of services and facilities in the community that advance the well-being of children and young persons'. When used in this very general sense the term seems simply to mean 'in the non-governmental sector of welfare services to the population', but its use carries with it all the emotional connotations of warmth, social solidarity and comfort. It is still to be found in its most diffuse sense in the political rhetoric in policy statements such as *From Welfare to Wellbeing* and in introductions and forewords. It remains in use to as a term interchangeable with non-government agencies, the voluntary sector,

provider agencies, and to distinguish non-Maori social service organisations from Maori, as in 'community and Iwi based social and welfare services' (NZCFA *National Services Plan* 1993-4 p2). 'Community consultation' is still used in the language to refer to public meetings held in the Services Planning process, to which provider agencies are invited to discuss draft issues papers, and 'community' is built into the very name of the government purchaser, Community Funding Agency.

It is a term which can be used with a number of ideological, or ideal, implications, and as with 'partnership', it has also been part of the language within which people with different agenda can keep agreeing to change.

Ideologically, it has been used in the following ways:

1.   The notion that the community rather than the state has a responsibility for the provision of social services. This is related to an ideological position which emphasises individualism, freedom and minimal state intervention in welfare as appropriate bases for social policy (Upton,1987; Minford,1987; Harris,1988).

2.   The notion that the provision of services by and in the community is better and more effective - that it is both more cost effective and that it is more useful to clients. This is related to an ideological position which emphasises good practice as the appropriate basis for social policy (Hadley and Hatch, 1981; Hadley, Dale and Sills,1984).

3.   The notion of the community's rights - to resources, so that the community can provide its own services; to be consulted on policy; to monitor the activities of social service departments. This is related to an ideological position which emphasises social justice and equity as the appropriate bases for social policy.

4.   The notion of the particular rights of the Maori community - to be consulted about and have power over the way the state relates to Maori clients. This stems from the ideology of bi-culturalism, which emphasises partnership under the Treaty of Waitangi as the appropriate basis for social policy (*Puao- te-Ata-Tu : The Report of the Ministerial Advisory on a Maori Perspective for the Department of Social Welfare*, 1986).

David Robinson has recently used it to describe a value held by the voluntary sector in New Zealand, equating it to 'collective action'.

The idea of 'community' as a social ideal has a long history. Eugene Kamenka identifies 'community' as an idea which functions as ideology, and which is at the same time both an agent and a product of social change. In western civilisation it has been appealed to as an ideal in Christianity, through the Enlightenment, and in the revolutionary and utopian concepts of the nineteenth century. It has come increasingly

> ...to be contrasted for better or for worse with the individualism, the atomisation and the alienation that accompanied the emphasis on private property, progress, enterprise and capacity for innovation and change characteristic of the new industrial-commercial society (Kamenka, 1982 pvii)

Early sociologists such as Durkheim, Tönnies and Weber, made similar distinctions. Defining community has proved difficult in sociological literature. It is a 'folk' concept, the emotional and value connotations of which social scientists and social policy makers have attempted to retain in their use of the term.[2] In the twentieth century, community has become a focus in sociological theory, in contrasts between 'society' and 'community'. The concept carries emotional and moral implications. 'Community' is often used as if it embodies collective goodness and wisdom, and provides warmth and comfort, which is missing from the rigours of a competitive individualistic society and from the impersonality of centralised bureaucracies (Benton, 1976; Bulmer, 1987). When it is used loosely, without any reference to any defining sociological characteristics, (which would define a 'community' as distinct from a population living within a given geographical area), quite unfounded assumptions can be made about solidarity, leadership and unity of purpose and opinion. In fact, in relation to a number of social policies of the last decade 'the community' has often in practice been simply those people or organisations who have the loudest voices or the highest public profile.

Ultimately for CFA the community is simply the geographical area contained by administrative boundaries.

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2 Hillery summarised 94 different definitions of community. He found there were 16 different attributes in the definitions, in 22 different combinations. There was only one attribute which was common to all definitions: they all included people. In 70 out of the 94, territory, social interaction and common ties were included as important elements (Hillery,1955).

OTHER VALUES IN THE VOLUNTARY SECTOR

Of the voluntary sector in New Zealand, David Robinson (Policy and Research Advisor to the Council of Social Services) suggests that its key values have been *independence* (freedom of association), *altruism* (concern for others) and *community* (collective action). Within these values, he states, expression is able to be given to democracy, individualism, freedom of association, biculturalism and cultural sensitivity, altruism, equity and hope. The sector promotes the value of welfare as a public good not as a commodity and provides opportunities for self help, advocacy, duty to others, philanthropy and religious direction. He states:

> The voluntary sector provides a focal point for the expression of concerns, and a place where the values of sections of society can be actualised and turned in to practice...
> The sector is as important for providing a place for the expression of values as for the values that it contains within itself...
> The sector provides a key space in which individual concerns can achieve collective expression (Robinson, 1993 p113).

In commenting on his paper, Piri Simpson suggests that key values in a significant section of the voluntary sector, the Christian social services, are compassion, the importance of the individual in the sight of God and stewardship. Stewardship includes responsible use of personal skills, effective and accountable use of resources, identifiable standards of service, adherence to ethics, accountability to members and donors (Simpson, 1993).

Robinson states that the open expression of values by the voluntary sector has decreased with its increasing dependence on funding through government contracts.

In this thesis I give an account of the experiences of managers in five agencies in the voluntary sector. These experiences indicate that the focus is different for these people who are working within the contracting system at the operational level. While non-government agencies on the one hand assert their independence, they are increasingly controlled by a contract culture which is not functioning on a model of equal partners in a relationship, and while they demonstrate real commitment to the pursuit of the kinds of voluntary sector values discussed here, the reality of managing in the contract culture means that increasingly they are

talking the language of contract, not of partnership.

II. CONCLUSION

In terms of George and Wilding's paradigm for the study of the aims and consequences of social policy, which is discussed above in Chapter Two (George and Wilding, 1984), it is evident that the developments leading up to the introduction of contracting for social services drew on diverse policy aims both in government and non-government sectors. Arguments for partnership, participation and power-sharing from non-government agencies, from helping professionals, from Maori, from ethnic minorities, from feminists, from self-help groups, were to some extent espoused by the Labour governments from 1984 to 1990, and were part of the rationale for the development of systems for the transfer of funding from government to the voluntary sector. However, the aims of market liberalism and managerialism were also powerful influences, and from 1990 policy development has been dominated by their aims. One of the consequences has been that the culture of partnership is being replaced by the contract culture.

CHAPTER SEVEN

REVIEW OF EMPIRICAL LITERATURE

I. INTRODUCTION

There is limited empirical material as yet on the relationship between government and the voluntary sector in the new contracting environment. There is a growing body of comparative empirical information on the policy changes and developments in various national settings, and on the processes involved in contracting and the issues these present for both government and provider agencies. Some researchers have studied the strategies used in government and non-government agencies to manage these process issues. There is very little empirical material on the impact of the changes on government, and while there has been much debate on the impact on the voluntary sector, there is only a small body of empirical research on this also. The impact on consumers of the services has not yet received research attention.

II. OVERSEAS RESEARCH

Drawing on research from three studies in the United States[1], Kramer and Grossman analyse the strategies used to manage the contracting process, and by non-government agencies to manage resource dependency. They use the metaphor of the market in a political economy sense, to identify and analyse five stages in the contracting process and the subsequent financial and client resource dependency of the providers, drawing on the concepts of power/dependency and exchange, which influence organisational autonomy and accountability. They propose that in the context of contracting

> ...the metaphor of a market is more appropriate than the usual concept of a partnership in analysing selective aspects of the interorganisational relations between governmental and voluntary agencies (Kramer and Grossman, 1987 p35).

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[1] A survey of 7 governmental contracting programmes in nine counties, an exploratory study of five agencies in the field of child abuse prevention, and a longitudinal 5-year study among 25 voluntary agencies.

The use of the term partnership is not appropriate as this implies reciprocity and equality, whereas, as Kramer points out, in this contracting relationship the voluntary agency is always a junior partner (Kramer, 1987 p51).

The five stages identified in the contracting process are: requests for proposals, selection of agencies to contract, contracting, contract monitoring and renewal or termination, and there is tension between political and technical factors at all stages. To deal with provider scarcity purchasers used either targetted outreach to known agencies (a strategy used by CFA in New Zealand) or community development, actually becoming involved in setting up agencies (a strategy rejected by CFA). In the selection amongst agencies, purchasers showed a preference for larger agencies, except where a smaller agency met a special need , for instance to serve an ethnic group, and they preferred non-profit agencies over for-profits. The drafting, negotiating and signing and payment of contracts was frequently complex and protracted, sometimes taking as long as five months. Some simplified this by using standard ('boilerplate') contracts. For contract monitoring and accountability, output reporting was in general use, with very few contracts having any form of outcome reporting or service evaluation. Most complaints about monitoring requirements were about duplication and frequency, and less about their substance. At renewal, because the government was generally dependent on the continuing service of the providers, termination was rarely invoked, unless government funds were no longer available.

Resource dependencies in the voluntary sector were reported as creating stress on staff and management because of the annual contracting uncertainty, underfunding and the pressure to keep developing new programmes to attract new funding. The system had the effects of favouring large organisations which could diversify over small local single services agencies, causing fragmentation of large agencies into multiple contracted services, and encouraging smaller agencies to grow larger in order to survive. Strategies used were: engaging in political advocacy with the purchasers to lengthen the contracting period; developing alternative sources of funds; interagency co-operation (several agencies collaborated to share a single financial management office); 'creaming' less difficult clients and increasing case loads; improving management systems; and using low paid or unpaid staff to reduce costs (Kramer and Grossman, 1987).

A British study, reported by Diana Leat[2], which surveyed voluntary organisations found that there were benefits and costs to them in government contract funding but that the benefits outweighed the costs. Costs reported by the agencies were greater uncertainty about future funding, loss of independence and a change in their relationship with the state from one of informal trust to a formal contractual one. The benefits were that higher levels of government funding were associated with higher levels of both paid and unpaid staff and higher levels of other funding; a greater output of services and stronger public interest and support (quoted in Beckford, 1991 p40).

Steven Rathgeb Smith reports on his study of 30 child welfare agencies in Massachusetts, also looking at the issues in contracting for the agencies and the strategies they used to address these. Smith here develops the typology of agencies discussed above in Chapter Two. In response to contracts which obliged agencies to accept all referrals of state clients, newer agencies which had been created by collaboration with the state for the contracting purpose (Type 2) always agreed to accept these clients, while some traditional agencies (Type 1) at first refused but were forced to accept them in order to receive funding. Strategies used to cope with funding uncertainties were moving from one funding programme to another thus changing services offered in response to funding available, and again developing alternative sources of funds. These included offering services on a fee-for -service basis, fundraising, for-profit activities and donations (a not very significant source). The effects for the agencies of the funding system are identified as: increased reliance on government funding, amalgamation of some agencies, an increase in paid staff, increased administration costs, and professionalisation of staff. They were vulnerable to political changes which might change funding systems and priorities. Their client advocacy role became limited, and they became more like agents of the state, operating from standards and norms derived from government rather than from the communities of interest from which they arose. The tensions involved in the changes were more noticeable in small, local agencies based in self-help or political advocacy (Type 3) than in the larger bureaucracies or those set up specifically to function within the contracting system. Smith says the changes are not a maturational issue (some had been in existence for a very long time) but

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2 Diana Leat (1988) *Voluntary Organisations and Accountability*, London, National Council for Voluntary Organisations, quoted in Beckford, 1991.

specifically a response to the contracting environment (Smith, 1989; Smith and Lipsky, 1993, pp44-71).

A study undertaken by Jeanne Giovannoni of key informants in eight public sector agencies and six voluntary sector agencies providing child welfare services examines the respondents' experiences with time constraints, contract structure and content, monitoring, auditing and client services, to identify sources of dissatisfaction. (It appears from the context that there was no separation of purchasing functions and direct service functions within the government agencies). She states that the time constraints of contracting screened out smaller, newer agencies because larger more established agencies with longer experience could weather the cashflow difficulties more easily. There were no serious dissatisfactions with contract structure, but the public agency respondents were concerned that there was a lack of trained expert contracting staff. They found it difficult to mediate between the system and the providers because they also found the process difficult, and were concerned that complexities written into the contracts led to rigidity in enforcing them. Again a partial solution was boilerplate contracts. The providers were dissatisfied that the level of funding did not meet costs; and they objected to contracting by unit cost - because of the difficulty defining exactly what units of what kinds of service are required to achieve the desired outcomes in child welfare, and because for some services, service-maintenance costs are constant while referral flow is not (in residential care there are constant costs in maintaining bed availability while occupancy fluctuates). On the subject of contract monitoring there was much difference of opinion amongst both public agency staff and provider staff but all agreed that the most severe problem was the failure to address evaluation of the quality and effectiveness of service. There was little dissatisfaction about fiscal auditing except from those agencies which had contracts from several government agencies which required different forms of fiscal audits. Service issues raised were the threat to confidentiality of client records with government agency monitoring and the autonomy of providers in client selection and in the duration and frequency of client contact. Most providers thought that they should accept all referrals, while others thought they should be able to restrict their client intake to the population they were committed to serve in terms of their own mission. There was considerable disagreement amongst both groups about the extent to which the purchaser should be able to specify limits on duration and frequency of contact for achieving desired client outcomes.

Giavannoni reports that staff in both the government agencies and the provider agencies were in favour of the continuation of government purchase of services by contracting non-government agencies. All also agreed that there must be some continuing public role, but there was disagreement on what and how much. The respondents from provider agencies were somewhat more in favour of contracting than those from the government agencies and thought the practice should expand. All agreed that it was cheaper than government provision. Funding advantages for provider agencies were acknowledged. Non-government agencies were better able to serve different communities, especially ethnic communities, and they had the potential for a higher level of professional performance than government agencies. The system was seen as having introduced an opportunity for improving relationships between the government and the non-government agencies. Providers saw an opportunity for them to influence policy and practice within the government agencies, and staff in the government agencies saw contracting as a way of relieving overburdened public caseworkers. Giavonnoni sees co-ordination and co-operation between agencies and across sectors as critical in the successful functioning of a contracting system (Giavonnoni, 1989 pp 297-309).

The differences between services provided by non-government and government agencies in the same practice area is addressed by Margaret Gibelman's research. She interviewed direct service workers in two large non-government child protective agencies and in the government's child protective service in a North American city, collecting information on their clients, case loads and services provided, and subjected the information to statistical analysis. Gibelman reports that there was no evidence of 'creaming' - the clients accepted in the government and non-government agencies had very similar profiles and presenting problems. The case loads tended to be much higher in the government agency - up to three times the case load in the non-government agencies. The non-government agencies however provided a much broader range of services, with considerably more personal and family counselling and therapy, and more emphasis on diagnosis and assessment. The public agency focus was primarily on information and referral services. (Gibelman, 1989 pp286-296).

In an ethnographic study of eighteen managers in seventeen non-government agencies in New York, Susan Bernstein analyses the methods used to manage

contracted services. She reports that agencies firmly asserted their autonomy, client needs and their own mission being the critical factors in their decision making, rather than the norms and values determined by the purchaser. The managers had found a number of ways to manage the change in the source and nature of their funding. Bernstein shows how several of them articulated a game-like approach to the requirements of the contracting processes, using this metaphor as the only way to make sense out of the crazy reality of funding, in which the agencies are underfunded and over-regulated with absurd regulations and impossible expectations. Another metaphor used was that of a 'puzzle' the challenge being to work out how all the pieces fit together (Bernstein, 1991 p21-28). Managers worked at learning the 'rules of the game', including the 'informal rules' as well as the formal rules; at getting into the mind-set of the funding organisation, so that they could anticipate the next move and plan their own response (Bernstein, 1991 pp90-95). Commitment to their clients and to their mission took priority over regulatory requirements, even if this affected their compliance to purchaser requirements. Compliance to accountability requirements was taken very seriously, and the managers used a number of management strategies internally to engage their staff with accountability. But compliance was on two levels - a superficial level in terms of what was necessary for contract maintenance, and a more thorough internal monitoring system which focussed on what was necessary for the organisation to meet its commitments to its clients. The organisations were in fact likely to be doing more than the contract required, but recording only the minimum required. Strategies used in accountability monitoring and in contract negotiation included misreporting of information to the funder; using the security of other funding sources to exert pressure on the funder to alter eligibility requirements and contracts so that they better fit with reality; using the threat of withdrawal of services knowing that the funder is dependent on the provider for the continuity of provision; and exploiting the funder's own rules to achieve their own ends (Bernstein, 1991 pp90-100). Managers worked within their own agency first to obtain support for their position with the funder; used whatever leverage they could to get agreement with their terms from the funder; persevered with approaches to the bureaucracy, both by going higher up the hierarchy and by going round the hierarchy until they found a person from whom they got a satisfactory response; formed coalitions of agencies to lobby the funder more effectively on shared concerns; and were prepared to exploit the vulnerability of the funder to public and political pressure and to the law (Bernstein, 1991 pp105ff).

Many of the managers believed that the government and the voluntary sector should be working in 'partnership' with each other, and that provider agencies should be working in co-operation with each other. However, they saw the existing funding system as chaos, or the relationships at best 'cordially adversarial' (Bernstein, 1991 pp41 ff). Managers referred repeatedly to a lack of skill and lack of understanding of the nature of the services being provided on the part of staff in the purchaser agencies.

Permeating the study is a recurring theme of a high and continuing level of frustration and cynicism in relation to the funder and the funding system. Many of the strategies can be seen as an attempt on the part of the providers to reduce the inequalities in the relationship, to make the contract more mutual, in fact to make the relationship more like the partnership they want it to be.

Apart from Bernstein's brief discussion in her chapter on the perspectives of the managers in her study, there is very little empirical information on what the front line participants in the contracting culture, government or non-government, believe about the ideological and theoretical rationales which have been advanced in support of or in opposition to government contracting for social services.

III. EMPIRICAL MATERIAL ON NEW ZEALAND

There is a very small body of empirical material available on the changing relationship in New Zealand between government and voluntary sector in social service provision. In 1993 the Auckland area office of CFA commissioned a consumer feedback report on its services and performance. The New Zealand Council of Christian Social Services has each year since 1992 surveyed a sample of its members to monitor the CFA funding process with the aim of making recommendations to CFA on improving the process. Two other pieces of work have been presented for master's degrees: a research paper which is document-based and analyses the contracting system in terms of transaction cost analysis, particularly from the perspective of the government purchasing agency, and a thesis which offers a process evaluation of the CFA contracting processes and is based on a study of twenty agencies. Only the CFA Consumer Feedback Report was available to me at the time of planning this thesis. However, all the studies

based on information from contracted agencies present very similar findings.

CONSUMER FEEDBACK REPORT

New Zealand Community Funding Agency Consumer Feedback Report is a research document produced in 1993 for the CFA in Auckland by a training and development consultant. It presents the collated answers to mailed questionnaires together with comments from provider agency representatives who attended one of six public meetings held (two in each of the three districts). The response rate was fairly low - 25% of the agencies returned the questionnaire, and only 9% sent representatives to the public meetings (NZCFA, 1993i pp1-2). The questionnaire asked respondents to rate various aspects of the CFA service using a scale with seven rankings. The report simply presents the responses in summary form, and lists comments, using exact words where possible, categorised as positive points, concerns, and other comments. It does not attempt analysis or explanation, or make any recommendations. There is no attempt to explain the low response rate.

Of the questionnaire results, most interesting is the high percentage (42%) of 'excellent' ratings for the outreach worker service and the relatively high percentage (33%) of Fair and Poor ratings for the services planning process (NZCFA, 1993i pp9-10, 19-20). These figures and the accompanying comments point to the outreach workers as the strongest aspect of the organisation and services planning as the weakest. The outreach worker is the major point of contact for agencies with CFA and the excellent rating and the long list of positive comments indicate the CFA has a good staffing process operating. Other aspects of the service, with which agencies had contact, were fairly evenly rated Excellent, Good and Satisfactory.

Respondents did not understand the process, felt it was haphazard, felt uninvolved and rushed and lacked confidence in it. They felt that as they did not receive feedback on CFA's needs assessment they could not use the process to improve their own services. They also felt that CFA was not taking on an appropriate role in identifying needs, but expecting agencies to do it for them. The meetings were seen as repetitive, with suggestions not acted upon. A minority made positive comments, appreciating the efforts being made to consult (NZCFA, 1993i pp19-23).

The other area of interest for the current research concerns the approval and contracting aspects of the service. In responses to the questionnaire only small percentages rated these Poor or Fair. However, there was a wide spread of responses and comments for both of these issues, with some agencies finding the processes extremely difficult, time consuming and frustrating. A number of agencies made positive comments which, for the most part related to their positive experiences with outreach workers, highlighting the critical role of these CFA staff (NZCFA, 1993i pp15-19).

Apart from difficulties with administrative processes and delays, more fundamental problems which relate to the fit of the purchaser/provider policy with provision of social services were also mentioned. Some mentioned the uncertainty that dependence on annual contracts brought to agency planning, which meant they would prefer a longer contract which would allow 3-5 year strategic planning.

Other issues raised were that long term outcomes of agency work (eg therapy or prevention work) were not taken into account, and accountability became a 'numbers game'; that their budget allocations must be apportioned by what CFA dictates rather according to agency-perceived needs; and that CFA expectations of agencies were high but the amount of funding provided did not correlate with this. This is connected with the fact that although the CFA now 'contracts' instead of granting funds as in the past, no service is fully purchased - agencies are only ever paid a proportion of the costs of providing the contracted service. Agencies mentioned that other (granting) bodies, such as Lotteries Board may give larger grants but are much less demanding in terms of required reports and meetings. This supports the view that the new system brings non-government agencies much more under the control and regulation of government than they have previously been.

Finally, on the issue of privatisation: agencies involved in work such as counselling, which is also done by private practitioners, mentioned that the system seems to be working so that the easier, more lucrative work is being done by private practitioners through fee for service, leaving the agencies with the more difficult, long term, non-paying or unfunded work.

NZ COUNCIL OF CHRISTIAN SOCIAL SERVICES MONITORING REPORTS

Surveys of the level of satisfaction with CFA processes have been undertaken each year from 1992 by the Council of Christian Social Services (NZCCSS) amongst its member agencies. In the 1993-94 monitoring study sixteen agencies were interviewed in five rounds of telephone interviews. In the 1994-95 funding year interviews were conducted during and following the time when the research for this thesis was being conducted. The sixteen agencies were again surveyed in three rounds of telephone interviews. The 1994-95 report concludes:

> The findings of the 1994/5 monitoring exercise show that while there has been a slight improvement in the over-all performance of CFA since its extablishment in 1992, CFA continues to rate poorly in all areas except contact and accessibility of local staff.
>
> NZCCSS monitoring reports over the last three years have continued to identify problems in the over-all process and practice of CFA. The majority of these issues have remained unresolved. CFA's inability to improve their performance and resolve on-going issues has caused considerable frustration and adversely affected the relationship between our agencies and CFA.
>
> In 1992, as an act of 'good faith' agencies accepted problems and misunderstandings with CFA as necessary teething problems of a newly formed organisation. Three years on, agencies still feel that CFA lacks any real understanding of the services our agencies offer and how they operate. In addition, inconsistencies in policy and practice and poor co-ordination between national and local CFA offices have created an environment that is uncertain and confusing (New Zealand Council of Christian Social Services, 1994/5 p10).

NZCCSS identified a number of areas in which there was dissatisfaction amongst the agencies. The reports cover CFA processes under five headings: Services planning; contracting for services; payment according to contract; monitoring and evaluating services contracted for; and regulatory activities relating to the approval of agencies for provision of services.

In the services planning process in 1993-94, some agencies did not receive 'draft issues papers', and the quality of those received was questioned as having insufficient information and analysis. Two thirds thought the community consultation was inadequate: insufficient time was given to consultation processes, inadequate notice was given of meetings and there was insufficient

debate about resource shifting. Timing of services planning meant that it coincided with the precontracting period in which agencies were focussing on their own funding needs for the year. All agencies appreciated the significance of services planning and wanted it to be meaningful. In the 1994-95 period regarding services planning, the agencies were again dissatisfied that: they were given insufficient information, they had not seen or were dissatisfied with the draft issues papers produced by CFA. They felt that the information they gave at the request for proposals stage was not understood or taken account of in the funding allocation process, and that insufficient time was allowed for services planning. Again dissatisfaction was particularly high with the community consultation process: two thirds thought this was inadequate (NZCCSS, 1994/5 pp4-5)

A high level of dissatisfaction with the contract negotiation processes was reported in 1993-94 (for ten out of twelve who replied). The most common complaint was that no negotiation was possible. Only those who received new or expanded funding had their funding related to the services plan. To some no rationale was offered by CFA for funding decisions; some were told there was a lack of money. There was a feeling that outreach workers had hidden agendas and that funding levels depended largely on outreach workers' advocacy skills on behalf of agencies on their case loads. The timing of contracting was problematic, with one quarter of contracts being uncompleted as late as October, 1993.

The 1994-95 report also records a high level of dissatisfaction with the contracting process and contract structure. There were delays because of lack of clarity about the new protocol. Others felt there was no effective negotiation: they were just offered a figure. The negotiation period was protracted, lasting up to over ten weeks, and taking up to 30 or more hours of staff time. There was concern that some aspects of the contracts were overly complex, such as a mathematical formula for the claw back clause, while other aspects were overly simplified, such as arbitrary outcome performance measures (NZCCSS 1994/5 pp5-6).

The majority of agencies reported inadequate funding levels, levels remaining the same as or decreasing on the previous year in spite of an increase in demand. The majority commented that there did not seem to be any connection between the

services planning process and the actual funding decisions (NZCCSS 1994/5 pp6-7).

In 1993-94 there was concern that there was no effective communication between CFA and CYPS, and confusion between offices about what the CFA contract pays for, and what CYPS needs to pay for on a fee-for-service basis. In 1994-95 there was considerable confusion about the implementation of the new funding protocol for the funding of bednights of care for CYPS. A lack of clarity and understanding between CYPS and CFA was noted by many, and this had resulted in serious delays in funding and inappropriate actions by CYPS social workers regarding referrals (NZCCSS, 1994/5 p9).

Regarding data collection for monitoring purposes, most agencies felt the requirements for information were reasonable, but that the statistics being collected were not consistent with the work done, and did not reveal meaningful data which reflected reality. Many were dissatisfied that new forms were requiring data which is not consistent with data collection systems, including software, they had set up to fit with previous CFA requirements (NZCCSS, 1994/5 p7).

In both of these reports a high level of support for outreach workers is recorded, but concern that they were overloaded, and that they did not have the necessary contract negotiation skills. While most felt that their outreach worker was accessible, several felt that more contact was needed in order to build better understanding between CFA and agencies (NZCCSS 1994/5 p8). The quality of the relationship was specific to each agency, influenced by local factors and CFA staff turnover.

A CFA PROCESS EVALUATION

Jennifer Leigh's master's thesis for the University of Waikato, *Contracting for Social Services: a process evaluation of the Community Funding Agency's contracting procedures* , was not available to me until late in the wriiting up of the research for this thesis. Although it was therefore not able to be used in the planning of this research, some of the data can be compared (Leigh, 1994).

Leigh describes her purpose as being to conduct a process evaluation of the

procedures used by CFA to negotiate and manage contracts with providers, in order to determine how effective CFA was in these processes, the effects of contracting on the voluntary agencies, and the extent to which agencies perceived the processes to be fair, open and client oriented.

She studied twenty Pakeha agencies drawn from the full range of CFA funding programmes - Families in Need of Support, Community Welfare, and Services for People with Disability, including both local agencies and the national offices of some organisations which are contracted at a national level by CFA. She also interviewed six CFA staff including one manager. In funding from CFA the agencies received from as little as 6% to as much as 80% of the costs of running their services.

Despite many having a good relationship with their outreach worker, most agencies were dissatisfied with the contracting process, which was described as unfair, unequal, and lacking any mutual negotiation in most cases about services being contracted or about the terms of the contract. National organisations were slightly less dissatisfied than local ones with the processes, but were less positive about the relationship with outreach workers, believing them to be insufficiently skilled. Most felt powerless and frustrated and wanted a more equal relationship, some wanting partnership and some expressing dissatisfaction that CFA is not accountable to agencies.

The study reports some evidence of reduced flexibility of services. Most agencies said that contracting had not increased their cost-effectiveness, flexibility or responsiveness, but that these were maintained at some cost in the form of worker burn-out. Agencies did not feel that contracting had given them a greater sense of funding security.

Although agencies were aware of the risks to their independence, most believed that their own goals had not been altered by the contracting system. However, more than half reported that their independence had decreased. Leigh was not able to correlate feelings of loss of independence with the size of the agency or with their access to other funding sources.

Other effects of the contracting system were that the agencies' ability to plan ahead was decreased, their cashflow problems had increased and they had

difficulty finding funding sources to continue their advocacy work.

Leigh also found that additional administrative work created by the contracting system did affect the service to clients, and that while most agencies were very willing to be accountable, they were concerned by the volume of information required, the number of changes which had been made to reporting requirements, the lack of CFA assistance for the setting up of information systems, and the compliance costs in time and resources needed to meet the requirements. They also questioned the value of the information collected for indicating anything about the quality of services provided. Leigh found that larger agencies reported as many problems with compliance costs as smaller agencies.

Agencies felt more guarded about each other and more competitive than they had under the previous grant system. They felt the new system was no more open or transparent, and that significant and relevant information was not communicated effectively with them. Some felt they were missing out because CFA favoured Maori and Pacific agencies; some national organisations suspected that CFA were shifting funds away from them to locally based organisations.

Outreach workers varied from believing that the relationship was fair, to believing it was one-sided; they preferred the new system because there was greater accountability and fairness, but had criticisms of the volume of accountability information required, the administration work involved, and the level of CFA regulation of groups receiving small amounts of funding and the lack of use to which CFA puts the information. Outreach workers understood that agencies perceived information sharing to be inadequate, as information on policy and procedures was constantly changing and much was transmitted by word of mouth both within CFA and to agencies.

The management view was that an equal partnership between CFA and the agencies is not possible, pointing out that CFA is not accountable to agencies for what it does, except in the manner in which services are delivered (Leigh, 1994 p93). Noting the disparity of this with the principles of partnership espoused in the 1990 document *Contracting for Social Services*, Leigh states:

> It may be fair to say the reality of contracting, in terms of governmental priorities and fiscal restrictions has since intruded upon the ideals of partnership and equity (Leigh, 1994 p84).

Leigh found that CFA staff believed that the needs assessment and services planning process allowed the community to speak through CFA, and for CFA to act as an advocate for the community. She questions whether the process is resourced adequately enough to provide for effective consultation and needs assessment, suggesting that it may only be providing a means of easily justifying the distribution of CFA's scarce resources (Leigh, 1994 p97).

AGENCY THEORY ANALYSIS OF THE CFA FUNDING SYSTEM

Verna Smith's research paper gives a document-based account of the setting up of CFA and responses to its operation. This account is drawn on in Chapter Five of this thesis. She then analyses the risks encountered by CFA in the contracting system in terms of the risks identified in agency theory and transaction cost analysis, and outlines how CFA is attempting to minimise these.

The risks analysed are: opportunism, bounded rationality, information imbalance, uncertainty and asset specificity. She states that CFA has introduced output contracting and output monitoring in order to prevent possible opportunism on the part of providers (by using CFA contract funding to support their own, differently focussed service plans) (Verna Smith, 1994 p72).

Bounded rationality means that it is not possible to conceptualise all that is involved in the complex processes by which social services attend to the social problems of their clients, which means that production of outputs does not necessarily lead to desired outcomes, and according to Smith CFA has introduced outcome-based evaluation to address this. She acknowledges that this is at an embryonic stage (Verna Smith, 1994 p73).

Information imbalance is a risk to the purchaser in that there is not enough information available for the purchaser to know especially with small new providers whether a quality service is being provided. Inadequate agencies may be contracted, and evaluation is not possible until after service has been provided. Smith states that CFA's system addresses this through its extensive regulatory approval system (Verna Smith, 1994 p73).

Uncertainty is a risk, because of annual budgeting and a short, three year, parliamentary term. The claw back clauses help resolve uncertainty for the

funder. Smith also lists ways CFA has attempted to reduce uncertainty costs for providers - providing higher levels of funding for high priority services, longer term commitment for certain core services and suspensory loans for capital funding (Verna Smith, 1994 p74).

Asset specificity is a risk to CFA in that in order to provide certain services an agency may need to have considerable property or other capital assets, and a very small number of agencies may exist with the necessary assets, which diminishes the possibility of competition. Smith states that CFA has found other ways to ensure efficiency and consumer responsiveness, by commissioning independent research into agencies' cost structures, requiring them to conduct consumer satisfaction surveys, and developing alternative providers (Verna Smith, 1994 p74).

In order to offset these risks, she observes that CFA frequently re-states that the Government is the single principal, and acknowledges that this contrasts with the expectations of the voluntary sector, which she says are unlikely to be realised, that the relationship should be one of partnership (Verna Smith, 1994 p76).

Political issues impacting on contracting are considered briefly, in relation to CFA's efforts to ensure that funding is distributed according to need, rather than according to the political influence of the applicant, by introducing an objective needs indicator to determine the allocations of funding between its administrative districts (Verna Smith, 1994 p74).

Smith acknowledges the problems the system has caused providers, but asserts that New Zealand has mitigated these, unlike the United States or Britain, by means of its needs assessment process, which gives opportunity to 'providers and clients of services each year...to advise government on local social and welfare service needs'; its outreach worker structure, which maximises communication between CFA and providers; a hierarchy of monitoring and approval requirements which now requires a lower level of monitoring and regulation from agencies which receive a lower level of funding; and by paying as she says

> the full cost (taking account of available voluntary donations of goods and labour)'...to organisations which deliver services in response to a statutory requirement, such as for the care and protection of children (Verna Smith, 1994 pp79-80).

She concludes positively that:

> ...in three major ways the changed relationship between government and the voluntary sector has strengthened the delivery of social welfare services in this country. Firstly, the introduction of a systematic approach to assessment of need and planning of equitable allocation of funding has improved the capacity of the voluntary sector to target its activities upon the greatest needs in each community.
> Secondly, the output contracting strategy has provided the basis for more effective evaluation of which forms of social service activity procure positive social outcomes for clients and communities.
> Thirdly, the introduction of accreditation for voluntary sector agencies has given new assurances for clients and providers of services about levels of performance against agreed standards of quality (Verna Smith, 1994, p82).

Verna Smith writes from the viewpoint of a senior manager in the purchasing agency. Her approach is one which does not examine the validity of the policy of contracting or the wider political implications or meanings, but considers how to address acknowledged implementation and process difficulties, so that the system is improved. Her viewpoint is positive, and does not match with the high level of dissatisfaction which is reported as being expressed by the voluntary sector in all empirical work so far.

IV. CONCLUSION

The limited empirical research available indicates that there are a number of problems with the processes of contracting, that these appear to be present and similar in settings such as the United States where contracting has been practised for twenty years or more and in settings such as New Zealand where it has only very recently been introduced, and that non-government agencies and the government purchaser have developed a number of strategies for addressing difficulties. Several studies, including all New Zealand studies based on information gathered from non-government agencies, indicate a high level of dissatisfaction with the contract regime. Both government purchasers and non-government providers have focussed their attention on improving the processes. The research consistently reports that non-government agencies assert that their own philosophy, ideology and mission and their commitment to clients is the primary factor in their policy and service decisions. There is equivocal evidence about the issue of which kinds of agencies manage best and survive best in the contracting regime.

In the following chapter I give an account of how managers in five agencies and four CFA staff perceive what the relationship between them and CFA means for the provider agencies. Developed out of the literature and the policy background a number of assumptions initially guided the research:

- That provider agencies have tailored their services to fit with CFA requirements;
- That this has been at the expense of providing other services they believe are needed;
- That compliance with the requirements of the funding system has created administrative costs for the providers;
- That larger agencies, which are more established and have more varied or independent funding sources are better able to survive in the current funding environment than smaller local agencies;
- That survival is also affected by the agency's reputation with CYPS and in the community, and by the interpersonal relationship established between agency management and CFA personnel.
- That individuals in the provider agencies and in CFA will vary amongst themselves in their expectations of and beliefs about the role of non-government agencies in the provision of social services, but it is likely that personnel in the provider agencies and in the outreach team level of CFA will hold ideologies which are based on social justice, collectivist or social work practice values rather than on market-liberal, anti-collectivist values;
- That because of their position as competitors for funds and contracts, provider agencies personnel will report some tension or ambivalence about advocating for services other than their own, and this is in conflict with the values on which their provision of social service is based;
- That there is confusion in provider agencies and in CFA about the CFA services planning process and how this fits with their relationship within the purchaser/provider model.

CHAPTER EIGHT

THE FIELDWORK FINDINGS

I. INTRODUCTION

Although I had devised interview schedules for both the provider agency and the purchaser agency interviews these were primarily used to remind me of questions which needed to be asked so that all the relevant issues were covered. The interviews were to a large extent allowed to follow the direction taken by respondents, with questions being used by me either to enquire further along the line they were taking, to bring us back to the focus of my research when we wandered a little too far, and to move on to another topic when the respondent had finished with one. Not all they told me is recorded here. For agencies, the initial part of the first interview was often taken up with their giving me information on the history of the agency and on the size and range of its services, in which I was interested as background knowledge for me, but is only briefly reported on here. The CFA interviews were on the whole somewhat more structured, contained and formal. In the provider agencies the ongoing work of the agency was part of the interview setting. There were important client related telephone calls, events with distressed clients in nearby rooms, the arrival of a new resident, the return of resident children from school and noisy games outside the window. In some I was fed meals, and multiple cups of tea were provided by young residents. In each of the provider agencies the person who held the position of 'Director of the Child and Family Support Service' (which has a legal status under the Children Young Persons and their Families Act) was present for the interviews, but in two of the agencies others also participated. Two of the Directors were women, three were men. All who participated in interviews were in some kind of responsible position, but they did not all have the title of 'manager'; for the sake of simplicity all are referred to in this study as managers.

The flavour of the CFA interviews was quite different from that of the agency interviews, and this, as much as the content of their responses, indicated how

differently the contracting regime is experienced by the providers and by the government agency staff who implement the purchasing policy. Information was collected from the CFA staff in one interview each, all of one hour or less in duration, whereas the agency managers talked for between three and five hours over two interviews each. I did ask fewer questions of the CFA staff, but less time was taken also because of a difference in their approach. All the agency managers had been extremely willing to speak to me and were very interested in the research. They seemed really to welcome the opportunity to talk about the issues, not infrequently starting spontaneously as soon as I arrived or even over the phone when appointments were being made. They generally answered my questions at some length, ranging widely over the topic and related topics, demonstrating passion and involvement. This validated my choice of a loosely structured interview style, as well as challenging my ability to keep track of what had been covered and to ensure that I did not miss out issues at the same time as avoiding asking questions which had already been answered in another context. CFA management was supportive of my research and co-operative with my requests for interviews, the staff were polite and helpful, and those I interviewed were open and frank in their responses and demonstrated professional commitment to doing their jobs well. However, they did not demonstrate the same level of enthusiasm for the interview; it was more difficult to set up appointments with them and for them to keep them. While some had strong opinions to express, on the whole they were much less discursive and more dispassionate in answering my questions, and interviews proceeded in a more orderly fashion. I acknowledge the possibility of my own effect on the interview situation. The knowledge that I was employed in another area as a CFSS manager may have affected CFA and provider agency staff differently. However, as much as their content, the difference in the nature of the interviews does reflect the difference in impact that the contracting regime has on the participants from the provider agencies, whose continuing existence is at stake, compared with the public servants who are simply implementing policy.

II. THE PROVIDER AGENCIES

THE FIVE AGENCIES

Two of the agencies are 'established' agencies which have been providing care

services for 60 years or more. They both have a connection with a mainstream Christian church, one being one part of a wider church social service structure and the other being run by a trust. These are primarily Pakeha organisations, in the sense that they have been established and run by Pakehas over many years. (Both are committed to employing social work and other staff from across all the ethnic groups represented in their catchment areas, but the management and culture of the agency is Pakeha Christian.) These are the two largest agencies, in terms of budget, numbers of staff employed, numbers of clients, numbers of bednights and numbers of hours of social work and counselling service provided, with the trust by far the largest of the two.

Two agencies identify as Maori and one as Pacific Island. One of the Maori agencies is iwi-based, in that it was specifically and formally set up by an iwi through a public iwi meeting called in 1990 by the kaumatua and kuia, in direct response to the provisions made and powers established for Iwi Authorities[1] and for Child and Family Support Services in the Children Young Persons and Their Families Act 1989.[2] The other Maori agency has a less clear iwi base. It was set up originally in the 1970s as a very locally-based initiative to provide a multicultural and multifaceted service for youth in the area, but nevertheless does now have a mandate to serve the families of a particular iwi in the urban area, and has an organisational connection through one of the members of the organisation being also a member of the iwi runanga 'back home'. It still has a strong multicultural focus in staff, in its mission and in the client group served, and is engaged in a number of activities other than the Child and Family Support Service, including educational and vocational services. The Pacific Island agency was set up also specifically in response to the provisions in the Act, to serve a particular Pacific Island ethnic group. None of the agencies has a culturally exclusive policy on intake. All provide services for clients from any cultural group referred to them.

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[1] While the Act allowed for Iwi Authorities and Cultural Social Services to have powers under the Act, there were implementation problems to do with the use of the term 'Authority', and its use in other legislation. Iwi-based and culture-based social services were approved under the provisions for Child and Family Support Services until 1995, when the Act was amended to use the terms Iwi Social Services and Cultural Social Services. The process of approving organisations as Iwi or Cultural Social Services has only just begun. Therefore throughout this research the five agencies have all been Child and Family Support Services.

[2] These provisions are outlined above in Chapter Five.

In terms of Smith and Lipsky's typology of contracted agencies, the two larger agencies are Type One. They were in existence long before the current government funding system was introduced, and they have opted in to contracting with CFA to provide services, though as will be seen there was much less choice about this for one of them. The iwi-based service and the Pacific Island service are Type Two agencies. They were both set up because the new legislation provided an opportunity, by establishing a practice base and a funding base for them. The youth service is a Type Three agency. It was set up as an initiative by a group of concerned citizens, at the time all young, dedicated, largely inexperienced youth workers, with a strongly radical political critique of the society and the state, which they saw as producing the problems of youth. Over the years they have used funding from many government funding schemes and other sources of funds, so that they could continue working in some way with the needs of young people. They set up their care service in response to requests from departmental staff.

In the care aspect of their services, of the five agencies two operate only a single residence, one with eight beds the other with normally ten beds but with a possibility of up to thirty beds. One operates only a foster care service, and another a combination of family homes and foster care, in which they may be providing care for anything up to 35 children at any one time. One operates a large multiple residential service over more than one site and of several kinds, including several 'family homes', holiday respite care, respite foster care. All five also provide some amount of family/whanau support services to families whose children may or may not be receiving care as well. The amount of this activity varies widely, from those agencies for which this constitutes a major part of their service, separately staffed and possibly separately funded, to those which provide this only incidentally and using only care funding to support it. The client numbers being provided for also vary widely, from one agency which is dealing with up to 130 children and young people at any one time to one which is dealing with ten or less. Two of the agencies are also involved in providing schooling. Both Maori agencies provide services under the Youth Justice section as well as under the Care and Protection provisions of the Children, Young Persons and Their Families Service Act, while the other agencies only operate under the Care and Protection provisions.

The largest agency employs approximately 30 staff and has considerable

independent funding. One of the smaller agencies uses mainly voluntary labour, pays only two people and financially depends almost entirely on government funding. For the 1994-95 financial year three of the CFSS (two newer agencies and one of the Christian agencies)[3] received 80% or more of their income from the Department of Social Welfare, largely through the Community Funding Agency, with smaller amounts from fee-for-service payments from Children and Young Persons Service. A fourth received 60% from CFA and a further 20% from other government departmental (eg Justice Department) sources. The remainder of the budgetary requirements for all four were found from other grant sources and from donations (donations accounting for less than 5% in all cases). The trust was the only agency with independent funds, and its balance was almost the reverse: 17% of its budget was provided by CFA contracts for CYPS care referrals, 5% came from donations and 78% was provided from the Trust's own sources. The three newer agencies depend on voluntary labour to make up what they cannot pay in wages. Two have made a start on assessing the dollar value of voluntary labour - one reports that 40% of hours budgeted for in 1994-95 were voluntary, and estimated their value at $150,000 if a 'living wage' were paid.

Although all the agencies' services are located geographically in one CFA administrative area, the trust, the Pacific Island agency and the iwi agency take referrals from a much wider geographical area, in effect serving the whole country, reflecting for one the size and diversity of its operation, for the other two their specialised ethnic service. The other two focus much more on serving a very localised patch, relating in the main to one or two offices of the Children and Young Persons Service.

One agency has a manager who came into this position after many years of management experience in the commercial sector, two are managed by people who have had long careers moving up through social services in the non-government sector, one agency has been developed by initially inexperienced but committed volunteers who have learned their management skills on the job, and one is managed by a combination of a young professional and an older very experienced community worker.

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[3] These figures apply to the part of the agency which functions as a Child and Family Support Service only.

IDEOLOGY, PHILOSOPHY, KAUPAPA

How does the philosophy or kaupapa of the agencies fit with the contract culture? How do the agencies perceive this? This was not an easy question to answer from the informants' responses to my direct questions. It was not an issue on which they had a great deal to say directly. I had to listen carefully to what they were saying throughout the interviews, and to take note of the way comments were made and non-verbal communication. How people think about what they are doing is also revealed in what they say in response to other questions and in what they do not say as much as in what they say. This is where I have been involved with a consideration of the feedback relationship between what people believe and the constraints imposed by the structures they are working within and the other philosophies/ideologies to which they are exposed. These managers are integrating and working within a whole range of concepts and beliefs about what they doing, which derive from different ideological frameworks. Their focus is on what *works* for them so that they can continue to provide a service they believe in. They do not focus on the theoretical or ideological contradictions. So in their criticisms of the CFA contracting processes they are largely drawing on concepts and terminology from the contract culture and its value base in managerialism. But their perception of their mission, their primary purpose in doing their work is expressed in quite different terms, terms which are much more idealistic, located more in a social justice and service oriented philosophy. This compares with the Vision and Mission statement of the CFA which is clearly located in the concepts used in the managerialist rationale for state sector reform, using words like 'manage', 'Government's investment', 'purchase plan', 'negotiate', 'contracts', 'approval', 'monitors', 'efficiency' (CFA *National Services Plan* 1994-95 p7).

These agency managers are on the one hand absolutely committed to a *service oriented* philosophy which is held and expressed with varying degrees of radicalism. On the other hand they at times talk in the language of managerialism, and at times in the language of market liberalism. At times their discussion of the funding system, how it is working for them or not working for them, of their relationship with CFA is argument *within the system*, a critique of CFA which appeals to the notions which have apparently driven the reform process of which CFA is a part, and at other times it is very much argument *about the system*, an argument about the values themselves. Writing up the field work has been partly an exercise in identifying how the agencies have managed the many contradictions

involved.

When asked directly about their philosophy/kaupapa all the agencies emphasise ˌ
the service aspect of their agency philosophy and state that they are not in the
work for business reasons.

> ...we're in the business because the business needs doing and the profit
> is not existent. We never think about profit. We do think about loss
> quite a bit. We focus on the business and that's why I'm in the work,
> because the job needs to be done and somebody with my skills is
> necessary to help keep the team together.

For the older Christian services the original philosophy emphasised a commitment
to serving needy children, and is seen as deriving from the Christian 'gospel
imperative', the instructions given in the Bible a number of times to 'care for the
orphans, feed the hungry, clothe the naked, visit those in prison'. One explained
that while it is seen that these things can be done by non-Christians,

> ...we can bring something special to the work...(with) a spiritual
> emphasis that wouldn't be there if it was...clinically run....Here there's
> something about the morale of the team, about the resources they've got
> to give, the willingness to go beyond the call of duty, some of those
> things that are there because they're Christians not just because they're
> dedicated social workers.

The ultimate reason for being in the work is the Christian philosophy, not because
the availability of funding presents an opportunity. In fact, several opportunities
which have presented themselves to provide quite financially viable or even
profitable services have been turned down because they were not seen as a core
part of the Christian mission. Both the Christian agencies have moved in their
practice philosophy from a focus primarily on the care of children, to one which
focusses much more on preventative work with families, with a commitment to
strengthening families' ability to care for their own children, and with a wider
understanding of 'family' than previously. Both of them characterise this move
explicitly as a desirable change in practice, not as a move directed by what will be
funded.

Philosophy and kaupapa have received very specific attention in the Maori and
Pacific Island agencies. The Maori kaupapa emphasise aroha and spirituality, a
holistic approach to providing help to families and along with their iwi
connections, an insistence that they are available to all iwi and all cultural groups.

The iwi-based agency are doing the work 'because we believe in it', because they believe in the Act and its principles, which they see as being based on the notion of empowerment of families and of iwi. They have incorporated this notion of empowerment into all their policy and practice. Their manager emphasises that the practice of empowerment is applied to their staff practices as well as to their social work practice with families, and that CFA should be incorporating the empowerment of agencies into the way they carry our their funding responsibilities.

This agency stresses that their particular iwi is known for its emphasis on spirituality, wairuatanga, that 'spiritual matters take precedence over all material issues' and that all their practice, all the training they do and all the policy they put in place has to be fitted around this spirituality. They feel that this sets them apart from the philosophy behind CFA and its funding systems, and from CYPS and its social work practice.

> ...they wouldn't be able to understand it...they haven't been there, they haven't lived it, they wont be able to get it.

This is echoed by the other Maori agency -

> when I read a policy I don't see it from a political or economic point of view, I see it from a spiritual and social point of view

This agency has a strong suspicion of being involved with government social service provision at all, and only reluctantly engaged in the process of becoming a Child and Family Support Service, having been approached a number of times by families in the community and by both CYPS social workers and a CFA outreach worker. Both Maori agencies see their holistic approach to working with families as being in contradiction to and hindered by the compartmentalisation of government funding sources. In dealing with a family they want to be able to attend to educational, justice, health and mental health issues, as well as those funded from the CFA sources.

The Pacific Island agency also has a philosophy which stresses the service aspects of their work, with a very specific emphasis on the cultural needs of their own people, and see themselves as having a spiritual, holistic and family based approach to their work. They also especially stress their commitment to what

they see as universal child protection principles, and spell out that cultural appropriateness means being available to their own people within their own culture and language. (They are particular to point out that 'cultural appropriateness' has been used at times to justify harsh physical discipline by Pacific Island peoples, but this is not their usage.)

All the agencies see CFA as having a 'business' oriented philosophy. All of them see themselves to a greater or lesser degree as having to fit their service oriented philosophies in with this business model in order to be able to get the funding to do their work.

Some of the managers however have integrated this business model into their way of talking and thinking about their own work much more than others. Their comments include

> We're small traders let's face it and we've got to think like a local plumber or electrician, that's how I see it - the market - we're not insulated little protected social services that have our own money and can do what we like...We're all market driven.

as well as

> If it ever gets to the point where dollars become more important than humans we'll pull out....I'll make noises in the right places or in the wrong places if necessary till I get someone to take notice, so that our clients get the service that they need - that is their right and I'm going to see that they're going to get it .

THE CONTRACTING PROCESS AND ADMINISTRATIVE ISSUES

I wanted to know how the funding system has affected the agencies administratively - whether they have made administrative changes of their own to fit in with the requirements of the funding agency, and which of the funding systems they have operated under have been the least or most problematic for them administratively. These administrative issues are of concern to all respondents: their repeated experience of CFA changing administrative requirements at the last minute and expecting agencies to be able to respond immediately; the appropriateness of the reporting to CFA in statistical and contract performance reports; and the difficulties encountered in contracting with CFA to provide bednights for CYPS under the new protocol which has been in

operation for this for the first time in this financial year.

My research question was about the extent the agencies had had to introduce new administration systems or change administration systems because of CFA requirements. The difficulties all informants talked about, however, were not so much to do with the need to make changes in principle, but to do with the way in which the processes in the funding/contracting system have been implemented. The research was not planned as a process evaluation, but the issues uppermost for the informants and which they talked about most were to do with their experiences of the processes, and the use of a semi-structured fieldwork technique specifically allowed the respondents to express what was important to them.

Reporting and Accountability

Agencies point out that the requirements for statistical reports have changed a number of times. None have a difficulty with the principle of the systems being changed to make them more appropriate or useful, and all support the principle of accountability involved in reporting requirements. Their complaint is that they have been informed of the changed requirements well into, and sometimes right at the end of the period, at the time the report was due, rather than at the beginning of the period so that recording systems could be adjusted. All five agencies have computer systems at various stages of development. A significant compliance cost for the agencies has been that they have set up both manual and computer systems, partly to meet their own needs but certainly also to meet the needs of CFA reporting requirements and have had to spend time and money changing these. One has brought their programming consultant back four times to make changes to the programme to fit with CFA requirements, at a cost of about $2000. Another agency has two computer programmes in place and the manager is requiring staff to continue using both of them even though some of the information being inputted is no longer required. He is not willing to make yet another programme change until he is more sure about whether CFA will require more change, and he wants staff to stay in the habit of recording something.

Another issue with reporting requirements is their appropriateness. Respondents are frustrated with forms which they feel ask for measures which are interpreted variously by different agencies, and which outreach workers cannot necessarily clarify. An example cited is the Contract Performance Report which CFSS are

required to submit quarterly. These include what is meant to be a quality measure - the percentage of client plans completed in the period. Agencies have been told that this should be 80% or higher. Managers point out that for many services, for example children who have been placed for extended care, for periods of six or twelve months, this measure simply is irrelevant as a measure of quality of service, since it will be an accident of timing if their plans are completed in any particular three month period. They also point out that the reporting requirements will mean that some clients are counted repeatedly in several reports, since the children or families remain clients of the service over a number of reporting periods. They feel that the reporting requirements do not provide very useful measures for CFA and that a lot of what is required means an unnecessary waste of time for agencies.

The issue of accountability and the measurement of outcomes is possibly the most problematic for the government purchaser, and only a beginning has been made in addressing this (Verna Smith, 1994). Ultimately, in the current contracting system, the government is almost entirely dependent on the integrity and commitment to good practice of provider agencies for any assurance that quality work is being done.

The New Unit-Cost Output-Funding Protocol for Purchase of Care

Agencies' experience in the submission of proposals-for-funding stage in the 1994-1995 year involved similar frustrations. Agencies report that they had been told to prepare and submit their requests for funding by mid June 1994. In the absence of any other instructions some prepared these in the same format as for previous funding years. However, just as these were ready to be submitted, new instructions were issued to fit with the new funding system of purchasing units of service - which required a very different kind of proposal - with a closing date of 30 June.

The new funding protocol between CFA and CYPS for the purchase of bednights has provided an administrative nightmare for all the agencies. They have all had to negotiate multiple contracts to accommodate this protocol. Even the smallest agency by four months into the year were involved in negotiations around five different contracts for CYPS bednights. The intention of the protocol was that all CYPS managers predict at the beginning of the contract year the number of bednights they will need from each provider agency, and that CFA will purchase

these on their behalf in one contract. This was the first year of the implementation of this protocol, and there was chaos. CYPS offices underestimated bednights required, omitted agencies already providing care for them from their estimates, and in some cases could not predict accurately because practice issues in future cases would lead them to refer to an agency they had never used before.

A high level of frustration is expressed by all agencies with these administrative issues. The contracting for bednights, especially, had been so consuming that most started talking to me spontaneously about this as soon as I walked in the door, before I had gone through the formalities at the beginning of the interviews or turned my tape recorder on, and sometimes on the phone when I had simply rung to make an appointment. One comments:

> It is frustrating because of all the energy you're wasting.... While you're spending your energy running around doing (these) things - that's energy you could be channelling somewhere else where your energy is needed.

One small CFSS which runs a single residence told me their administration load had trebled in this funding year and that the effect of this had been to take staff time away from service to clients.

> Before, we spent about eight hours a week, but now we need at least three days a week just to keep on top of what's happening....We were talking about it the other day - we need to take a whole room and put it aside for administration just for this one project - and put up reminder boards for everything....There's not enough time. It causes stress and arguments and things don't get done....J. needs to be available for the male role....We want to bring in another admin person....J. needs to be spending more time out with the guys....So I've just had to decide each day what I'll leave not done.

All express the view that the issue could be worked out if someone who knew and understood the complexities were involved in devising the system. Four out of the five declare that if they themselves had been hired as a consultant by CFA, perhaps with two or three weeks to work on it without all their existing responsibilities, they could sort out a workable system.[4]

> I don't think it's necessary (the extra time put in on administrative tasks this year). Because with all the management expertise and all the

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[4] As indicated above in Chapter Five CFA did consult with a 'reference group' with whom they met over the whole period leading up to and during the implementation of the protocol

consultants that they've used surely by now they've got a system in place somewhere in their department where I don't have to be wasting my time playing around chasing information for them. If I could spend the same amount of money restructuring them and setting up their systems....It's just simple arithmetic!

At networking meetings between agencies the particular issues about the new funding protocol took up most of the time. People started talking about them informally before the meetings started and swapping horror stories, and practice issues, previously an important focus, virtually disappeared from the agenda for months.

The difficulties experienced with the implementation of this protocol throws some question on the value of the purchaser/provider split, and the managerialist assumption that the design and administration of a contracting system for social service provision does not need the involvement of social service professionals. Many of the problems appear to have stemmed from a lack of understanding of the social work practice issues.

There are some differences between the agencies in the history of their experience of funding from CFA, from the Community Services Teams and from the earlier DSW funding systems. One of the agencies had never had any funding from CFA or Community Services Teams prior to 1994-95. After capitation payments ceased they had only ever had fee-for-service payments from CYPS, and previously DSW, for direct care placements from the department. Another of the managers for the two years before the most recent CFA funding protocol changes had the foresight to ensure that his agency's work was funded from three separate 'pots' of CFA funding - residential care, family/whanau support and counselling 'pots'. This means that his agency is in a better position now to ensure that the whole range of its services can be funded on the present purchase of service units basis. The other three had only ever had their Child and Family Support Services funded out of the care 'pot' even though they had all been providing a range of services, at least including family/whanau support, and certainly not all their client families had been receiving care.

The 1994-95 contracting process was a very new experience both for agencies and for CFA. The previous process had involved only a minimal negotiation about wording. There were usually only two meetings with an outreach worker - one initial discussion from which the outreach worker produced a draft, and one

to finalise the contract. The new system in theory meant agencies would have two care contracts, one for referrals from CYPS and one for 'community' referrals, and for some agencies there were multiple meetings before the contracts were finalised.

Despite the many problems encountered in the new system, the managers in four out of the five agencies say they either prefer, or at least have no objections in principle to, the unit purchasing system. The fifth, the Type Three agency is in many ways most radical, the most different and separate from government, with a distinct reluctance to be involved with the Department of Social Welfare at all, including the provision of services on behalf of the Children and Young Persons Service. They would prefer that government simply acknowledge that community agencies such as theirs do a better job of care than the government does anyway, and provide them with the resources, preferably in the form of a single grant which is large enough to enable them to provide all their services, whether in education, justice or care and protection. They do not argue against accountability for the way they use the money, but feel they would have a better chance of planning and delivering effective services if they had a given budget within which they were totally self-responsible for deciding what they deliver.

The other four all believe that purchasing units of services is fairer, in that the agencies doing the volume of work would get the funding. They already have administration systems in place, whether manual or computer based, which enable them to track bednights provided, and most have systems in which they can track hours of service provided. They can see ways in which unit purchasing can fit with their existing management practices. The iwi agency for two to three ago has had a computer programme in place which can provide not only this information, but also how much each client family costs the service, how much each hour of social work time with the family costs, and what the administrative overheads are as a percentage of these service costs. This manager would like the funding system to go further in the current direction, in the sense of more social services being provided and purchased per unit from non-government agencies with CFA being the 'banker'.

However, all the agencies had experienced so many difficulties and saw so many complications involved in the purchase of care nights in advance that they all said at some stage of their interviews that they would prefer to invoice monthly. They

at some stage of their interviews that they would prefer to invoice monthly. They do not wish to return to invoicing CYPS offices, because this meant invoicing, and chasing up payments from, up to nine CYPS offices for the different children in their care. They like the simplicity of relating to only one purchaser.

All agencies had experienced problems with the new system, some of them merely time consuming and frustrating, but for some causing serious cash flow problems.

The major problems encountered with the CFA contracting for CYPS bednights were:

1.   The fact that CYPS offices had so frequently underestimated the number of bednights required for the year meant that the initial contracting process was complex and lengthy. All were still negotiating about contracts when I first interviewed them four months into the contracting year. In order to get some funds to carry on with, most had eventually signed the initial contracts with whatever modifications they could negotiate into them. The one agency with its own considerable independent funds refused to sign, instead negotiating a two month contract at the end of August which bought the actual number of bednights which they had provided for that period - effectively an invoiced payment. However, they were still locked into a negotiating process attempting to get the remaining ten months contracted for realistically.

2.   Supplementary contracts had to be negotiated for any CYPS office which wanted to place with the agency but had either run out of contracted bednights, or had never purchased any. This has meant that CYPS, CFA and the CFSS all need to be involved in negotiating around the time of the placement of a child. There was potential for the practice issues involved in the decision to accept a placement, often an urgent one, to be clouded by disagreements about the funding protocol.

3.   Frequently CYPS offices and CFSS disagreed with each other about the number of bednights which had already been provided. Some CYPS offices did not have adequate ways of recording these, and there certainly did not seem to be a national system in place. Some CYPS offices openly depended on the CFSS to tell them how many bednights had been used up by their referrals. Within a few weeks into the new funding year CFA, acknowledging the discrepancies right across the country between what had been purchased and what was being provided, informed agencies through outreach workers and network meetings that

at the end of the first quarter there would be a 'wash-up'. However, agencies were finding that the wash-up was not working either. This issue was a source of extreme frustration and even wonderment to managers, as this manager illustrates

> Oh there was an increase all right, but it didn't even reflect what we provided in the first quarter, see. And that's what I'm getting at. It didn't go anywhere near it. And that was supposed to be the wash up where everything was going to be sorted out. Now that didn't happen. And so what I did was I wrote a letter to CFA and I told them of the arithmetic that I had on my computer, and related it to the arithmetic they had on the new CYPS contract. And I also said to them that they were forcing me to sign a contract that I didn't totally agree with but I was forced to it because of cash flow problems. And I invited them to come and speak with me, or I would go and speak with them anywhere, at any time. Now I don't know what CYPS were doing, I really don't know what they do, because I mean the stats are quite clear, they're so easy to see. All they've got to do is pick up the forms and they'll know - that's how simple it is , and they can see how many bednights we've provided for them. Not difficult to find is it?

4. Agencies report that communication seems to be a real problem between CYPS and CFA. Managers have various theories to account for this. Most feel there is jealousy and distrust between these two units of the DSW, that they treat each almost as enemies. They speak of how frequently staff from one would complain to the CFSS about staff from the other. The agencies see this lack of communication as something which in technical terms at least ought to be easily fixed.

5. Managers believe that paper work systems to support the new protocol were devised by people in the head office of CFA and in great haste, they do not make sense to people on the ground and simply do not work. One manager describes the process of trying to use a referral form designed to provide confirmation of children in care as 'a nightmare'.

6. The system assumed that agencies would not accept referrals unless there were already enough purchased bednights available. This issue highlights an important difference between the values of the contracting system and the service values of the agencies. I heard very clear statements made by CFA head office management staff to agencies in a meeting I attended in August 1994, to the effect that it would be very bad management practice indeed for any manager of an agency to accept such a referral. This provoked mutterings from the entire room, and several people pointed out that in practice it was very unlikely that an agency would turn children away if there were spaces available and good practice reasons

for accepting the referral. Pacific Island agencies for instance pointed out that there were very limited choices for Pacific Island placements around the country, that it was highly likely that requests would come to them from CYPS offices in distant areas, with no purchased bednights, and that because of the agencies' strong commitments to providing culturally appropriate placements, there was no way they were going to turn away such requests. In fact all the agencies, by four months into the year, had accepted some children into care for whom bednights had not yet been purchased. For all agencies their commitment to clients and to good social work practice had a higher priority than funding issues.

7.   'Crystal ball gazing' is a term being used by some agencies to describe the prediction of bednight numbers which CYPS offices are being required to do. At the meeting referred to above the same manager from the head office stated that such prediction was simply a management skill that the CYPS managers should have. The argument from the agencies is that there are too many practice variables involved.

8.   Serious cash flow problems were created, requiring three of the agencies in this study to get bank overdrafts to carry them over. These have been exacerbated by the late arrival of payments. All five agencies reported that quarterly payments of contract money have been late from CFA, arriving several weeks after the date specified in the contract. The manager for the area told me in May 1995, ten months into the new system, that the office had been asked for letters of support for overdraft applications from so many CFSS that a computer form letter had been created for the purpose.

9.   Another contributor to the cash flow problems was the fact that payments were made in quarterly instalments for a CYPS office's annual estimate of bednights, whereas that office may in fact have made referrals which would mean the whole year's bednights would be used up within the first three to six months of the year. When this kind of problem occurs for a small stand-alone agency particularly, just managing the expenses involved in maintaining the children presents a serious cashflow problem.

The second care contract, variously referred to by agencies as the 'community' contract or the 'main' contract also had its problems under the new output-funding system. This was the contract which historically derived from the CFA funding for CFSS care providers up to 1994. Problems encountered with this were:

1.   For three of the agencies this funding came from the residential

care 'pot' only. The largest agency received no funding of this kind in the 1994-95 year, and never had, and the remaining agency had, as mentioned above, received funding from three 'pots' for its 'community' services before this year, so was well prepared for the 1994-95 year. (This term 'community' is used to refer to all referrals which are not formal CYPS referrals.) The three agencies whose contracts previously were sourced from the care pot had not actually specified that all the funding had to be spent on providing care. In fact, managers say, it was expected, because of the requirements of the CYP&F Act that children be maintained with their families wherever possible, that CFSS would be engaging in family support social work with this aim. In the 1994-95 funding round agencies were told that the 'community' contract must be spent on care, because it came from the residential care pot and it was a requirement of government financial practice that NDOC [5] funding must be only spent on what it had been designated for. However, these agencies could not now get some of their funding from the Family/whanau support funding 'pot' as well as the care 'pot', because that funding was already fully committed and it would mean taking it away from other agencies. The only way agencies could get some payment for their social work hours with community referrals was to refer the families to CYPS, who may then enter into a 'Family/whanau agreement' with the family which included a referral back to the agency for service which was then paid for on a fee-for-service basis by CYPS. Some say they resorted to this.

2. The *amount* of funding available in these 'community' contracts was predetermined to a large degree by historical precedent. However, if the agency could not show that they were likely to provide enough bednights to community referrals at the fixed unit cost in order to add up to the sum they had received in the previous year, the contract amount would be cut. The claw back clause was included in this contract also and certainly discouraged the agencies from overestimating the number of bednights they might provide. One manager describes deliberately understating their anticipated numbers in order to protect the agency from having to pay any funds back. There was no provision, however, for supplementary community contracts if the agency overprovided, and there was little chance of negotiating a higher amount if the agency could show that they were likely to provide more bednights than the predetermined amount of funding would buy at the fixed unit cost. One agency which had

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[5] The 'pots' of government funding used to support non-government social service provision previously known as POBOCs (Payments On Behalf Of the Crown) are now known as NDOCs (Non Departmental Outputs of the Crown)

provided in the first two quarters more community bednights than allowed for in the contract for the whole year, calculated that if they continued to accept community referrals for care at that rate, they were in effect only receiving $11.00 per bednight for community referrals, compared with the $34.00 (plus 10% administration loading) being paid for CYPS bednights.

Finally, a problem applying to both contracts was that the cost of a unit had been set too low, and was not in fact a true unit cost. One manager points out that this is especially so for community referrals where the agency is doing all the social work assessment and intervention with the families, so likely to be devoting a lot more staff hours to them. Managers note the difficulties in identifying a true unit cost, because there is a lack of good data available from many agencies, and a lack of comparability in the way agencies keep their accounts, which means that the various studies which have been commissioned to identify a unit cost have not been conclusive. One says

> I dont really blame them for producing rubbish but that's what they have produced.

While all agencies say that they could manage with the fixed unit cost as long as they were paid for all the actual bednights they provided, all of them in fact had to find additional means of support for their agencies. For the four agencies where this was not available from any independent trust funds, this meant applying to other funding sources such as Lotteries Board, other charitable trusts, or COGS [6] or depending on voluntary labour.

Some of the problems experienced by agencies in the 1994-95 year should have been reduced in the 1996-97 year, as contracts were to be based largely on their actual outputs of 1994-95, as CFA was to handle the budget for CYPS referred care, and as all the players were now more practised at the new system. However, the problems of 1994-95 reported on here indicate the extent to which administrative requirements of the purchaser can impact on the provider, and the extent to which the values of the contracting system can conflict with the service values of the providers.

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[6] COGS is Community Organisations Grants Scheme, a fund administered by the Department of Internal Affairs, providing very small grants to locally based agencies

AUTONOMY IN SERVICE AND CASE WORK DECISIONS

Decisions About Services Provided

Had agencies made changes in their services to fit in with funding requirements? All agencies answered 'No' when this question was asked directly. All are very clear that their own kaupapa/ philosophy/ mission is the most important factor in any decisions they make about service provision and that the changes they had made were along lines they were moving along anyway for reasons to do with practice philosophy in their own agencies, in the wider society and in the wider professional context. This is consistent with the findings of other ethnographic studies - Bernstein in New York, Leigh in New Zealand (Bernstein, 1991; Leigh, 1994). Indirectly, however, there were indications that to some extent all of them had both planned and adjusted their services in the light of what was available in funding and demand: the two 'Type Two' agencies came into existence *because* both the funding and the legal opportunity was there; the two 'Type One' agencies had changed direction at the same time as the previous funding system was ending; the radically independent 'Type Three' agency is finding that having bought into this funding system there are advantages - they are now receiving sufficient funding to be able to contemplate paying all staff a living wage. As long as most of their workers were volunteers, this agency had as much autonomy in decision making as if they had independent means.

> I dont want to argue with government departments, I don't want to argue with bureaucrats - I see them as who they are - messengers for the department they represent....I don't want to argue with them, I just want to find the best way to do what we want to do.

As they come to depend on funds which can pay their staff, there is a possibility that this degree of independence may be compromised. For the 1994-95 year, on the basis of the level of care they had provided in the previous year, they had planned to pay staff who were working voluntarily and at the time of interview they were still unable to do this, because of the delays in the contracting process and in contract payments. However, the 1995-96 year is likely to see this agency much more dependent on a continuing level of CFA contract funding.

Ultimately, only one of these agencies, the one with significant independent means, can make truly independent decisions about what kinds of services to provide.

The two long established agencies had been moving towards reducing their care services in the 1980s and setting up more preventative services. One manager within a year of his appointment had closed down the agency's home, which at that stage had about 35 children in it, because he did not believe an institution of that size was the right environment for children; the agency became one of the first to sign a contract with the department as an approved Child and Family Support Service. For several years previously this agency's pattern of care practice had been changing from long term care to one where 80% of the children were back with their families within three months. They were doing more work with with families and using a broader concept of the family. However, in financial terms, after the changes made in funding systems in anticipation of the CYP&F Act, they could not have decided *not* to change. The changes made by this agency in 1989 meant that fifteen staff were laid off. They would not have been approved or contracted if they had retained the children's home as their way of providing care. The manager says

> ...we were very dependent on DSW money so we could see that was the way to go and philosophically we totally supported the Act, the emphasis and the move to a wider based service, so we were pleased to go in the direction which they felt they were pushing us.

He thinks there are a number of factors which drive the service decisions made by the agency - the funding available, the demand for services, and more indirectly some aspects of CYPS practice, for example when CYPS offices appear to be trying to save money and *informally* direct clients referred to CYPS to community organisations instead. This practice means that the organisation's 'community' referrals are inflated, and no money comes with these clients as it would if they were formally referred, whether for care with CFA funding or for social work or counselling on a fee for service basis.

> I don't think it would be fair to say CFA has driven where we went as an organisation. It keeps us on a particular path because that's where the funding is headed but ...we have tremendously increased our residential care. That is not a response to CFA demanding it or giving us more money for it...it's because we got more calls and tried to response to those calls...
> in terms of policy nobody is standing over there and saying do this or you should do that but in terms of financial pressures...or in terms of giving us referrals or not they always influence us....I think overall they think we're a good agency and we're a valuable agency and they would be very sorry to see us fall over but it's very likely or possible that they could make us fall over accidentally, that's just the way things are.

Some agencies also point out that even if there were unlimited funding they would still limit what they provide. One manager says he sees his agency as providing a specific range of services to families which are highly at risk in terms of the welfare of the children. He does not see it as appropriate to expand into other areas, such as budgeting or housing or employment schemes, just because there are other needs, or even to expand into child abuse education/prevention with families in the community generally.

However, the fact that CFA will not fund 100% of unit costs means that agencies need to use other funding sources in order to resource the balance of the work done, which means finding a funding source whose criteria will fit.

If the funding were not available to support the work they are doing, if it were assessed that the need was no longer there, or that other agencies did the work better, one manager comments that the agency would have to close down and the that would be unfortunate but he would not see himself fighting for the right to continue.

> ...if they pull out the money I could walk away without too many tears....You can say we've been led by God or we have taken advantage of circumstances or we're a result of historical trends....We're here, we're doing a job, it needs to be done, we can do it. If something changes, the need goes away, or resources are withdrawn - well that's life.

The only way an agency can manage not to adjust their services to what will be funded is if they have totally independent funds. Because of his own commitment to children being raised in their own families wherever possible the manager of the one agency with significant independent funds reports that at first he wanted to stop providing care services.

> When I first came here in 1979 I wanted to close the place down and do preventative work.

However, the demand for care services continued throughout the 1980s. When capitation payments ceased, because of their funding situation this agency was able to make quite autonomous decisions - they decided to continue to provide the care service, and also to commence a family support service which is entirely supported by their own funds. If they received no outside funds at all this agency

would certainly keep providing a range of services for children and their families.

Changes made by this agency in the way care is provided, and their introduction of new services have been a response to the changing philosophy of practice in child welfare services generally. Their first choice now with any community or self referred care case is to look further in the family for support and care, and the family are offered the family/whanau support services of the agency. At times the trust has resourced family meetings or assessment visits in other parts of the country in order to pursue the options of family solutions.

> If all (CYPS) bednight funding ceased we would just reduce our programmes and keep going... if we lost all our bednight money we would just cut back on some programmes and cut our cloth according to our finances.

They also do not take as many CYPS referred children into care as their maximum beds would allow, thus voluntarily limiting their income from that source, because, in common with other agencies, they say the level of difficulty of care cases has increased, which means they choose to put more resources into a smaller number of children in order to do effective work.

The three smaller stand-alone agencies also are all adamant that they do not adjust what they do according to what CFA will fund. If they see a need for another service and they believe they should be doing it, they will find another way of enabling this to happen if CFA funding will not cover it. They will apply to another funder or they will use voluntary labour. One is running an after school programme with COGS assistance, another has some gained Justice Department funding to work with parents where the issues involve the justice system, the third plans to run whanau support and parenting skills programmes voluntarily this year having applied unsuccessfully for funds from CFA for these.

In summary, all agencies believe strongly in their own autonomy. However, in practical terms there are different solutions to their resource dependence on CFA. The most financially independent will continue to do whatever work fits both their current practice principles and with their original trust deed requirements, using government contracts and fee-for-service income as they can, but within the limits of their own funds if these are not available. One would accept closure of the Child and Family Support Service agency within the larger organisation, if the CFA funding were to cease. One will keep operating in one form or another to

assist children and young people, working voluntarily if necessary, but they would probably not stay in the field of care provision without the government funding necessary to maintain the children. They see their agency as having an ongoing life independent of the particular services being provided. These have changed over the years and may change again. The two agencies which are in this field of work specifically because the legislation and the funding system make it possible see it as an absolute government responsibility to make the funds available for it to happen, and do not perceive that as implying a lack of autonomy for their agency .

Three of the agencies would be doing some additional services if additional funding was available; two will do these anyway, using voluntary labour if necessary.

Autonomy in Case Work and Practice Decisions

Does the funding system affect practice and casework decisions? Hypothetically, if agencies were motivated by economic considerations (and the funding system is based at least partly on assumptions of economic theory) there could be a number of effects. Since heads on beds is the basis of funding, there is an economic pressure towards over-provision of care, and towards preferring referrals for full-time and extended care rather than for respite care. Alternatively, referrals may be turned away from the most appropriate agency if there is no bednight funding to cover the care required.

The three smaller agencies say that considerations of money never influence their casework or practice decisions. One has had casework disagreements with CYPS in the past which resulted in their having young people in care without any payments being made for them. Another, on the contrary, sees the agency as a change agent acting on both CYPS and CFA.

> I educated the Social Welfare team back in 1990 to understand our philosophy and our policies...They wanted us to be virtually a clone of their organisation...and I was never happy with that. You know I believed that they'd done it in a certain way for fifty or sixty years and all they had to show for it was overcrowded prisons. Now I surmised that hey, they aren't doing it right. So how can they dictate to me a policy for work practice that gave rise to that?

This agency, for example, had in fact successfully convinced the Department of Social Welfare that prospective caregivers should be screened by the marae

committees 'back home' and not by police, as is the standard required practice. The manager sees this as an important exercise of tino rangatiratanga. His practice argument is cogent - the kaumatua and kuia know the whanau and their histories, they know more than any police record will ever tell about who is to be trusted and who is abusive; and the record of abuse of children in the department's own foster homes which had been cleared by the police has been documented (von Dadelszen, 1987).

However, one agency tells me that they are aware of instances in the local urban area where funding seems to have driven the case work - both of agencies seemingly keeping children in care in order to increase the bednight funding, and of children not being given the care they needed at an appropriate agency because there was no bednight funding for them.

The three smaller agencies, which are Maori-based and Pacific Island-based, will fight for what they perceive to be good practice, and will make their practice and case work decisions entirely on this basis even if it clearly is costing them money.

One Maori manager says:

> I say regularly to my staff, 'Never let the dollars interfere with your decision. If you think your decision is right your client comes first. You let me worry about the dollars, that's my job, you just worry about the client.'...I was having problems with CFA and CYPS and the bednights, but I'm quite prepared to struggle along with that problem for however long it takes me to work it through with them, but I will never allow it to interfere with our clients' welfare.

He also says:

> I don't care what agency it is, you can't say, 'Sorry, I've done my quota for the month or the quarter, I can't take any more'. When a family comes through your door you can't turn them away, you've got to take them in.

This view is similar to that put by the Pacific Island agency also. If an unexpected referral is made from another part of the country for a family of children of their culture, they will consider the children's needs first, then work very hard at getting the funding sorted out second.

However, another manager is very aware of several ways in which financial

management pressures come to bear on practice decisions, especially at the time of referral, such that a number of these pressures are being balanced against each other and weighed up with the case work imperatives. First, theoretically, acceptance of a referral from a CYPS office was dependent on that office having purchased sufficient bednights through CFA, or on a promise of a supplementary contract. Second, full-time ongoing placements are more financially attractive than respite care placements for brief periods. Third, especially if the community contract bednights had all been used, the most cost effective placement for a community referred child might be in a family home rather than a foster home, since the family home caregivers receive their salary whether beds are full or not, but the foster parents would need to be paid board, and this child would bring no extra bednight funding. Conversely, for a CYPS referred child extra bednight funding would come with the referral, so a foster placement would not be a financial drain. Fourth, there was a pressure to ensure that places were kept open for CYPS placements in order to fulfil the contracted number of bednights, and in fact to turn away community placements because there is no money attached to them. However, while recognising these pressures, this manager will always work at making decisions which are primarily guided by good practice, and once the referral is accepted all subsequent decisions will put practice considerations first.

In case work decisions, the independent trust again is the most confident in its ability to maintain autonomy, keeping these decisions quite separate from funding issues. The manager will tenaciously pursue payment for services provided to CYPS, but knows the agency is financially independent enough to enable him to manage financial issues quite separately from case working decisions. The area of case work in which this is most evident is in the exercise of the powers available to CFSS under the Act to take certain legal actions where there are care and protection concerns, without referring to CYPS for investigation by departmental social work staff.[7] The exercise of the right to go to the Court independently is especially likely to be costly - the organisation needs its own legal representation - but even going to a Family Group Conference independently

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[7] A CFSS can apply directly to the Care and Protection Co-ordinator for a Family Group Conference to be called (the first legal intervention step) and can also take a case directly to the Family Court (the next legal step) (CYP&F Act 1989 s.19; s68). Under 1995 amendments to the Act a CFSS social worker's report is acceptable for the Court's purposes.

can have resource implications, because it is more difficult to engage CYPS in paying to implement the decisions. This is the only agency which regularly takes these independent actions. The others never take cases independently to the Court, and only one has referred directly for a Family Group Conference.

THE RELATIONSHIP WITH CFA

Perception of the Relationship

When asked directly about their relationship with CFA my respondents all interpreted this in interpersonal terms. They all speak highly of their own outreach worker's interpersonal relationship with them (which reflects findings in other studies). Three out of the five, however, do state that they do not think their outreach worker is very effective or has the combination of skills required for the job - 'nice but useless' was the most derogatory description. They see the outreach worker needing to have two very different kinds of skills - social work skills or at least sufficient knowledge and experience of the practice of social work to be able to understand the nature of the work being done, and also financial and administrative skills sufficient to be competent at the contracting process.

> Effectively their problem is - the ones who understand social work don't understand the accounting side of it and so therefore they are basically incompetent for CFA and the ones who understand the financial management don't understand social work so they're also incompetent effectively.

Most report that they do not see their outreach worker very often, but say they do not necessarily want more contact, rather that they should get more communication from CFA on issues which affect them. One believes that as a major provider in the area he should have been consulted about a new agency being set up in his area, or at least informed formally about it. Only one agency is unstinting in praise of their outreach worker, stating that she works very hard on their behalf but that they feel she is battling a system she does not agree with. The other four when confronted with problems in their contracting process had all at some stage simply gone over the head of the outreach worker, either to the Area Manager or direct to the head office, and insisted on being attended to. They appreciate that they are able to do this, and feel that the management is accessible to such insistence. They do not attempt to use the outreach workers beyond the initial stages of contracting. One says

I'll be very, very angry if it (the wash up) isn't fixed up on New Year's Eve and instead of writing to the head office, I'll be writing to the Director General or to the Minister. If they don't fix it up after that I'll be leaking something out to the media. Because I don't think any provider should be put through that sort of situation.

There is a fairly general agreement that the relationship between the Child and Family Support services as a *sector* and CFA as an organisation is not working well - that different providers receive different information from CFA, and that at the regular networking meetings which CFSS hold among themselves in this area, too frequently there is incomplete attendance or even non-attendance by CFA workers. Informants suggest that initiative from CFA is needed to improve and standardise communication.

However, it appeared that the managers had not given much thought to the relationship between their agencies and CFA as representing a relationship between state and voluntary sector, but rather think of it within the terms of the contractual relationship, between purchaser and provider, and talk about and judge the relationship in these terms. When I asked specific questions about the role and value of state and community in the provision of social services they had opinions to express. But only one made any comments to me which connected what is happening in the contracting system or in the relationship between CFA and CFSS with what is happening in the wider policy arena to do with the relationship of the state to the voluntary sector. I have the stong impression that most of the time these managers are extremely busy with the immediate tasks of management, think mostly about the pragmatics of what is going to make this year work for them, and do not think too much about the policy directions being taken by government or their part in them.

Meetings between Purchaser and Providers

I observed two kinds of meetings between CFA and CFSS. One is a local networking meeting which was set up by the providers to assist them in their co-operation and liaison with each other, and to which are invited, for part of the meeting, the local CFA outreach workers and management. The other is a wider and more formal meeting, initiated either by CFA or by the providers[8], in which CFA staff, including head office management staff, participate to present

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[8] eg A meeting called by CFA to explain new procedures to CFSS, a national conference organised by CFSS.

information to CFSS and to answer their questions.

Two very different kinds of interaction happen at these meetings. At the local meeting there is a feeling approaching colleagueship between CFA and the providers. They know each other at a local level, and this local relationship has been identified by the agencies I interviewed and by other reports as an aspect of the CFA which is working well. While the CFSS will raise questions and problems which are causing them difficulties and concern in their relationship with CFA and in the contracting process, there is a pervading sense that both the local team and the local providers are at the mercy of decisions, regulations and procedures which are directed from the head office, and with which they both are experiencing difficulty in the implementation.

At the meetings with head office management staff there is a much higher level of confrontation. Provider representatives use the opportunity to ask questions which express their frustration with aspects of the system which to them appear unfair, inappropriate or unworkable. Sometimes substantive answers satisfy the questioner; sometimes the answer is in the form of an assurance that CFA recognises this as a problem and is committed to finding a solution. However, there is a sense of ritual in these meetings: questions are asked and answers are given but it seems the system proceeds according to the CFA plan. The answers to questions frequently do not really address the difficulty being raised, but tend either to reiterate the already stated CFA position, or to talk past the question. The following is one example which I observed.

A questioner stated that the use of the word 'contract' is wrong to describe the funding arrangement between CFA and the providers, because it is one-sided - CFA offers a sum and the provider must accept that sum, there is no room for negotiation if an agency is doing more work than that amount purchases, or if the unit cost is higher, and this is not fair contracting practice. The management answer stated that CFA wants to ensure that agencies do *experience* the process as a contract negotiation, and that is why the 'Request for Proposals' stage had been introduced, to enable agencies to put forward what they propose to provide, and at what unit cost. The answer acknowledged that in fact CFA is stuck with a limited amount of money, and decisions about how this is allocated are based on factors other than the proposals submitted, but that neither CFA nor the providers want to walk away, so contracts are signed for the amounts available.

The Contracting relationship

Talking mainly in the language of contract, managers have these things to say about the contracting relationship:

1.   All make the point that the 'contracts' they have are not truly contracts in the commercial sense of the word. (This point is also made by CFA managers.) They are one-sided, in that the purchaser insists on the claw back clause for under-provision, but there is no clause guaranteeing additional payment for over-provision. They are couched in the language of purchase of units of service, but they do not pay the full price. Also, the money available, in the 'community contracts' is fixed, in fact allocated according to criteria which are not clearly related to the amount of service being provided. One manager comments:

> To me a contract is a two way thing. I'm doing the work and they're paying the money and I need to have a say... but it's one-sided. It's only a contract for us, and tough luck if you want to put something in. You have to follow what they say or they cut the funding off.

Another says:

> ...it's weighted in favour of CFA and the government, and it's not fair - and to me it's a breach of natural justice. Surely if a contract is put together it should be done in a way that is fair on both parties and their contract isn't fair, it isn't fair.

This agency had consulted a lawyer about the contract, who advised them that a contract should not have been signed in that form, but the agency signed anyway because they needed the funding. The lawyer had informed them that CFA had breached the contract already by not delivering the money on the due date.

2.   Agencies also criticise CFA for not performing in a businesslike way by not making payments on time. Two had suggested to CFA that agencies should charge them penalties for late payment, a suggestion which was not taken seriously.

3.   There is general agreement that CFA is controlled from the head office, and that the local office and its manager, though willing to change processes in response to issues raised by agencies, are in fact hamstrung by this control. There is also a feeling that the head office does not understand, especially that the managers making decisions in Wellington have no experience of working in social services, which means they are devising policy and procedures which do not work and do not make sense.

Attitudes to the Purchasing Agency

Agencies express generally a high level of frustration with and suspicion of CFA. While interpersonal relationships with local managers or outreach workers may be described as good,

> ...but overall you mention the words CFA around the agencies and generally there's a rolling of the eyes, partly because of the quality of their work, partly because they're always trying to cut funds rather than work with an agency to build up its procedures, or work with an agency to work out where they could find some more money.

The smaller agencies feel that CFA does not acknowledge the particular problems which they experience because they are smaller or newer or Maori or Pacific Island and do not have a traditional funding base, and the larger agencies which have been in operation for several decades are suspicious that CFA has a philosophical difficulty with Christian agencies generally, or their agency in particular, which has not been spelled out openly, and that CFA is trying to squeeze them out, or at least to 'let them wither on the vine'. All, in fact, have a degree of mistrust of the purchasing agency, and some beliefs that it will act against their interest.

One manager suspects that there are hidden agenda in much of what CFA does, for example that the last minute information about the funding proposal requirements might have been a deliberate act on the part of CFA, to 'weed out the weaker ones', that the problems about CYPS bednights figures might be because the government employees are scared that their jobs are going to go soon because the community is doing a better job, and that there is some reason other than administrative incompetence for payments being late, being said to be 'held up in Wellington'.

Purchaser and monitor

The managers perceive the CFA as having a very specific and briefly stated role, that of purchasing services on behalf of the government. They also believe CFA should have a monitoring role. However, three express the strong opinion that CFA staff are not appropriately skilled to do this. They feel it is one of the areas in which a combination of both good social work skills and good financial skills was required.

> I welcome the scrutiny and monitoring by people who are competent

enough to do it...but I don't believe they have the skills to do it....No-one has ever challenged anything that I have done and I've been waiting for people to challenge because you know you get complacent....When you're with people who don't find any fault in your operation you get too smug for your own good.

He suggests that community organisations should be given a five to ten year period to be performing at a high level. If they have been in the job for ten years and are not doing it properly then they should be asked to leave.

Community development and needs assessment

A function which four of the five agencies see as lacking now is the community development role which the community services teams under the old DSW structure used to do. This was generally *agency* development as a form of community development, where a comunity social worker would work very closely with a group to help them set up an organisational structure, often holding a position on the trust or management committee, helping them to make funding applications, to set up recording and accounting systems, and with the processes involved in writing job descriptions and employing and training staff. Since its restructuring and more specific definition of outputs this forms no part of DSW responsibilities now. Some smaller agencies providing important services are seen to be struggling with some of these organisational issues, especially those serving ethnic populations which are lacking in available people with administrative skills.

Finally, the need to do an effective and useful assessment of needs for social services in the area was seen to be a CFA responsibility. This issue is discussed later in this chapter.

RELATIONSHIPS WITH OTHER CFSS PROVIDERS

Do the agencies perceive themselves to be in competition for funds and clients with other providers? How does this affect their relationships with each other? These agencies are all struggling to some extent with the nature of the relationship between them. A strict interpretation of the purchaser/provider model would see them competing in a market-like environment to tender for contracts to provide services. However, the CFA funding model is not such a clear quasi-market model. Competitive tendering is not used, and funding is only available to non-profit organisations, not to private for-profit organisations.

To these agencies the notion of competing with other providers is in conflict with their other social service values, which emphasise co-operation and networking. All the managers think there should be co-operative relationships between CFSS in the area. One believes that CFA should have a role in co-ordinating this nationally. In fact the agencies had themselves organised a monthly networking meeting of CFSS in the area.

One says she does not want to use the word 'competition', thinks that agencies should not let competition for funds affect the relationship between them and is highly committed to networking, seeing the maintenance of personal relationships between people in the different agencies as very important. But her comment shows that some tension exists.

> It doesn't really affect (my relationship with the other agencies)....Money is the root of evil in everything anyway...it's not important. You need money, but it shouldn't come between you and your friendship....I think competing is not the right word - but those big services are very powerful.

Another states that there is too much competition and this is not good because there is some poaching and empire building, though perhaps a little competition helps to keep agencies working at doing a better job.

> There ought to be a greater sharing of what we're doing and a greater degree of investigation before new services are started. I feel that at the moment there is a little bit of taking over by one service of what another is doing, treading on other people's toes. I don't think you will ever get voluntary agencies to be entirely co-operative. There will always be a certain amount of protectiveness about what the agency is itself. It would be good if voluntary agencies only moved into the areas where there are needs rather than duplicating services.

> There's too much work for competition. The needs are too great. We need to co-operate and share our resources....If the needs of the community were scientifically ascertained we wouldn't need competition. We would move where the needs were.

One is quite suspicious of other agencies, feeling that there might be some that are being favoured in the funding system and given something closer to 100% funding. In spite of this suspicion, this agency nevertheless networks very actively and shares information fairly freely with others. The manager feels that the potential for destructiveness is there, but that competition has not had as much effect as might have been expected in the contracting system. At the same time

this manager clearly states a perceived need to think like a business.

> (Competition) has got to have some effect. We feared it would have more. The agencies (have always) worked co-operatively, and there has been more work than any of us could handle and funding wise we have managed to survive one way or another. But if you see a new organisation being set up ... and you think hey, that money is coming out of our pool, then it's got to raise fears as to what does that mean. But I'm not aware of any organisations deliberately running anyone else down to try and discredit them and steal their funding. But the potential is there under the system....Not too many agencies have said, 'Look that chunk of money that I just lost has gone to there', not too many have been able to make that direct connection and that has stopped some of the friction.
> I think we are a business, we have to compete for business and if our reputation is high it means we've got a better chance of getting the same money or more money. If our reputation falls we're in trouble and if the customers go away somewhere else the money will follow them.
> Currently the system is dangerous. The winners will stay the same, the losers will drop out altogether....The day will come no doubt when some organisation falls over as a direct result of another agency's bid.

Another thinks that while there is some feeling of competition, this is not unhealthy, and that in fact with unit purchasing rather than the previous grant-in-aid system there is less feeling of competition, because the funding is more clearly going to those who are providing the volume of service. In the past funding went to those who could put together the best looking proposal. Relationships between agencies depend on good networking and compatibility of philosophy or kaupapa, and this is independent of competition. However, this manager sees a need for greater co-ordination, and that agencies do not have enough opportunity to consult with each other.

Most of the managers demonstrate some degree of discomfort with the idea of competition. However, while they give weight to different aspects of the contradictions, there wis more similarity than difference in their views. Their level of comfort with the idea seems to connect as much with the managers' own level of experience in the commercial world as with the nature of the agency.

There are several ways in which non-government agencies network and share information both locally and nationally. The Child and Family Support Services in the area meet monthly, together with CFA workers and CYPS social workers. There are also local Councils of Social Services whose members include a wide range of voluntary agencies and representatives from some government agencies as well. There are three national bodies, the New Zealand Council of Social

Services, the Federation of Voluntary Welfare Associations, and the New Zealand Council of Christian Social Services. The local meetings provide opportunities for informal support; the national organisations also publish advice papers from time to time on issues which affect their members, and all three have provided these on aspects of contracting for social services in the last few years.

The five agencies vary in the extent to which they participate in these networks. The two Christian agencies are active members of the local CFSS meeting, of the local meeting of Christian CFSS, and of the national Council of Christian Social Services, and one is also active in the local Council of Social Services. They receive the publications from all the national bodies, and attend national conferences of CFSS. One of the newer agencies is an equally active member of networking groups and conferences. The iwi-based agency depends primarily on its iwi resources for advice and support on contracting issues but does attend conferences, while the other small agency receives publications from the national bodies, and had only irregularly participated in local networking meetings.

Agencies which networked frequently, in this financial year in particular, provided a great deal of support and information to each other during the protracted contracting period, and it was notable that the topics of funding and bednight contracts took up much of the discussion time at networking meetings for several months. Information was shared which assisted in the gaining of somewhat more advantageous conditions in contracts. Even so there is still suspicion and wariness. Agencies are generally careful not to share hard information, such as the amount of funding received, the number of bednights contracted for, or salary levels. The older established agencies both express wariness about a national organisation because it appears to them to have an empire building and opportunistic approach with plans to expand into areas where services are already being provided by others. Agencies also express some wariness about new agencies starting in the local area.

> We share what we can and we help where we can but we know they are after our money and secondly we're not sure what quality they're producing or whether they're producing anything at all.

Thus, while there is an ideological commitment to co-operation amongst agencies, a sense of all being part of the community, and real co-operation and support offered to each other, there is also an underlying uneasiness and sense of threat from other providers.

SURVIVING IN THE CONTRACT CULTURE

I asked all informants which agencies they thought survived best in the current funding environment, and whether this had changed over the various changes in funding systems they had experienced. I also asked them whether they had any clear ideas or messages from CFA about what kinds of agencies CFA wished to encourage.

Only one agency informant is very clear about which kinds of agencies CFA might most want to encourage, believing that CFA want primarily to promote iwi-based and cultural social services. This informant has the perception (and is somewhat unhappy about this) that although their organisation has a staff from a mix of cultures, it is not seen as providing a culturally appropriate service, because the organisation is not run by and primarily targetting a non-Pakeha culture.

The others say that they do not know that CFA wishes to promote any particular kind of CFSS, though on further reflection three agencies (including one of the larger organisations and only two of the Maori and Pacific organisations) think CFA would probably want to encourage Maori and/or Pacific Island agencies, and the fourth (the other Maori manager) that a quality service is the most important thing CFA wishes to promote, but possibly also a mix of agencies reflecting the ethnic mix in the community.

Informants from two of the newer services both think that the agencies which can best survive are what they called the 'Old Boys', by which they explain they mean all the Christian Social Services, all of which they perceive as having independent funds, power, capital, bequests and property, which enable them to survive whatever the funding system might be. The Christian services are seen also as having the ability to fundraise, whereas a small agency can not hope to raise funds in the community at large because they do not have a public profile. One feels that because CFA in their funding systems do not acknowledge the different financial stresses for small stand-alone culturally based agencies there is a sense of being funded to fail. Both these agencies depend on the generosity of their small group, in terms of voluntary labour to supplement the work of paid staff, and even at times in the use of their own money or their families' money to keep the agency afloat.

> See it's small agencies like us that need every cent we can get. The big services can survive, if they don't get their bulk funding or their bednight funding from CFA they can survive three weeks to four weeks, we can't....If we don't get it our own children who are working support us and I don't want that to happen any more.

These difficulties are acknowledged by the older agencies. One informant sees access to independent funding as crucial to survival. The other identifies a number of survival factors, most of which are more likely to be found in an older, established agency - a strong cashflow position; back up from a larger organisation with a number of different services which can help prop each other up for a month or two; an organisational structure which does not depend on the energy and commitment of one or two dedicated people; and a pool of people with good administrative and management skills to draw on for management staff. This manager believes that it is much more difficult for the smaller culturally based agencies to possess these survival factors, and that CFA makes no allowances for their cashflow difficulties.

On the other hand the Christian agencies also believe themselves to be at some disadvantage, partly because of the belief that CFA wants to scale them down in order to encourage others, and partly because traditional sources of funds to Christian services have been drying up, and only one (Salvation Army) is thought to have the kind of public profile which allows public fundraising to be successful.

The iwi-based agency manager believes the administrative skill of the management of an agency is the most critical factor in survival. In terms of the factors for survival mentioned above this agency certainly has some areas of vulnerability. It has no independent means and no larger social service organisation supporting it. It has had to depend on voluntary labour and at times on the personal funds of the trust members in its setting up period, and uses volunteers to support the paid staff. Managing the cashflow problems of the contracting system has been a challenge. But there is a sense of its having the support of the entire iwi and its resources behind it, and the manager has come into the position from a very strong background in the financial world. Because of the iwi base, its does not depend on the energy of one or two key people.

Whereas the CFA *policy* is to implement *Puao-te-Ata-tu* and to ensure that all

cultures have services provided according to their needs, the *contracting system* is quite strongly perceived by all these managers to disadvantage the small, stand-alone agency, which in this CFA area are more likely to be Maori or Pacific Island agencies. Iwi-based agencies may be in a stronger position.

SOCIAL POLICY VIEWS: THE ROLE OF THE STATE AND THE VOLUNTARY SECTOR

What do these agencies believe about the role of the government and of non-government agencies in providing social services? Informants on the whole were not easily drawn into talking about the wider social policy issues to do with the responsibilities of the state and of the voluntary sector. Their focus again is more on details of policy implementation as they affect their management issues. These agencies are participants in a radical change in the relationship between the state and the voluntary sector. It involves more than a retreat from direct provision by the state, and more than improvements in accountability systems for controlling the expenditure of public money. It also involves an increase in the state's bureaucratic control of activity in non-government organisations. While some of the papers produced in the voluntary sector are concerned with the wider policy implications, these concerns are not expressed by most of these managers. The details of the implementation of the policy absorb their attention.

All believe the 'community' does a better job than government of social services generally and of child and family support services in particular. The term 'community' and 'community agency' are the most frequently used terms to refer to non-government social service agencies, although occasionally 'voluntary agencies' is also used. All identify 'community agencies' as referring to all non-government organisations providing a social or welfare service, whether they are small local organisations, or a national organisations, large agencies or a church agencies.

The advantages of the community as a provider cited are:

    1.   The community agencies are more in touch with the needs of the community, have more grass roots knowledge

    2.   Community agencies can provide a culturally appropriate service

    3.   They are less bureaucratic and more efficient

    4.   They provide a better/higher level of social work support for families

All also agree that the state has a role in child and family social service provision, expanding on this as follows:

1. That at the moment the state is obliged to perform a role in providing social services to children and families where there are serious care or protection concerns, where the situation is acute and investigation is required, and where a level of containment is required in care - basically a minimum of services to meet the statutory obligations of the DG under the legislation.

2. That the state has an obligation to provide funding to the community organisations to enable them to provide their services.

3. That the state has a role in the monitoring of community provided services.

One manager is prepared to suggest a possible target for the proportion of services which should be community provided and state provided - 80% community provided to 20% state provided. He states clearly that simply for resource reasons the 'community' is limited in its capacity to provide, and 'there will need to be deep government pockets yet for quite some time.'

Only the iwi agency manager talks of the larger social policy picture. He suggests that there is a political agenda, probably supported by Treasury, to move even the acute and serious services into the community and to iwi by means of contracting out, so that very soon the Department of Social Welfare will be just a 'post box'. He believes this is driven by economic theorists in the government because it is seen to be more efficient, rather than being driven by any notions of the rights of the community or of the iwi. He supports the move, but for different reasons - because he believes the community and the iwi would provide a better service.

> I think what they're doing now is for economic reasons rather than that the community can deliver a better service....But the government hasn't been doing a very good job for the last fifty years. They failed and they failed miserably. It's an indictment on their service that all the children's homes were full and now all the jails are bursting. That's the result of fifty years of intervention in the social services and if that's all they can produce at the end of it then it's about time they got out.

His position epitomises a major theme of this thesis. He articulates the argument that policy changes can be supported by different groups in the society for entirely different reasons. His own policy position is in the same tradition as that taken in *Puao-te-Ata-tu* and radical reformist positions of the 1980s. However, the contradiction is that the agencies in the voluntary sector have engaged in this

policy change because it looks as if it can work to their advantage and meet some of their policy aims, and perhaps it can, but in doing so they engage in a system which exercises much more control over their activities, and so potentially limits their freedom to do the better job.

On the issue of the state's obligation in regard to the level at which it funds community organisations, managers are more vocal in their opinions. One says the State should provide full funding for the total service of an agency, in bulk form, so that the agency can just get on with providing service, enabling them to plan within a clear and certain budget, but with adequate accountability systems in place to ensure responsible and effective use of public funds. Two say that there should be total funding of services, in that a realistic unit price should be paid which reflects all costs, including some things which cannot now be covered, such as capital costs, training costs, staff sickness, stress and annual leave, vehicles and other major equipment costs. The other two (both from the larger established agencies) believe that the state should pay the full cost to community agencies for the purchase of 'core' services, probably as defined by departmental outputs, and that the agencies could then provide any extra services they decide to, and support these from a fundraising mix of government grants and other sources, with government monitoring of standards as appropriate. All of the four who have no or little independent funding, however, see an increasing problem in trying to meet shortfalls between current levels of funding and the actual costs, saying that only a large national organisation with a highly promoted public image can raise any significant funds other than through grants.

There is minimal talk of 'partnership'. The term is mentioned briefly as an ideal relationship at the case working level with CYPS. Only one manager talks of his belief that there should be a 'true partnership' both between the state and the voluntary sector and within the voluntary sector. This would mean effective information sharing and services planning so that services would be located where they are needed, and unproductive competition and duplication would not occur.

Monitoring and regulation by the state of services provided by the voluntary sector is supported by all, partly because this is one way to be confident that clients will receive a high quality of service and partly because of an acceptance of accountability for the use of public money. There is a trade-off - government

money means government regulation.

Again, these managers give the strong impression that their main concern is how to get enough funding to survive and provide the service they are committed to providing. They are very policy conscious in that regard, but while they almost take it for granted that non-government agencies are the best providers, this view tends to be stated in terms similar to the radical or left/Maori/community critiques of the welfare state of the 1980s, without any comments indicating a recognition that these views have little weight in the policy environment of the 1990s. Only one clearly discusses differences between his own ideology and the state rationale for developments in the wider policy arena in terms of the relationship of the state and the voluntary sector. There is little discussion of how these developments may be impacting on the provision of social services, on the state as provider, on themselves as possible agents of the state, or on the rights of consumers of services or the society at large, and there is little sense of an awareness of being participants in quite significant and radical policy changes. While advice papers distributed from national organisations of non-government agencies debate wider policy issues, and press for greater emphasis on 'partnership' for example, these managers take for granted their independence and autonomy and focus their energies on the practical business of surviving.

COMMUNITY NEEDS ASSESSMENT AND SERVICES PLANNING

On the whole agencies are rather unclear about the CFA services planning process, and about their own role in the process. Yet an effective consultation and planning process is critical if the non-government agency views on the role of voluntary sector and state in social service provision were to operate. On this issue, as on other issues in the contracting system, agencies talk much more easily about the problems they have with the CFA process than they do about their own role in this process and how they perceive that role or what they think the role should be. Two factors may contribute to this. In some part it probably relates to a diminishing of the advocacy role of non-government agencies and uncertainty about how to advocate effectively within the contract culture. A second factor is the lack of knowledge amongst the agencies about what the CFA procedure involves and how decisions are made about the distribution of funding in any year.

Traditionally the voluntary sector, or at least some agencies within the voluntary sector, has been active and vocal in advocacy with government for the needs of their clients and their communities. In the past there was no government structure within which to do this, and agencies used whatever means they could find - creating their own channels through the various associations of voluntary organisations, advocating with local or national offices of government departments, going direct to ministers or to the media. All these methods are still in use, but the CFA services planning system has set up a formal government channel through which agencies can advocate for the needs of clients and communities. All the agencies in this study advocate actively for their own clients' needs with the state provider, CYPS, at a case work level, but at a services need level they depend on the national organisations to raise issues in the political arena, and they attempt to use the CFA channel at a local level, but they do not have faith in it. A constant criticism of previous government funding schemes for the voluntary sector was that they were unco-ordinated, open to idiosyncratic distribution of funds to the agencies best at self-promotion, and not based on any objective assessment of needs. However, agencies are quite ambivalent and cynical about their role within the channel or process which is now available. This is at least partly related to the fact that the process is located within the contracting regime in which the agencies compete for funds, such that advocacy for services perceived to be needed for clients is confused with advocacy on the agency's own behalf for funds. Agencies genuinely want to advocate impartially for client needs, but as in all aspects of the contracting regime, their own survival imperatives lead them to wariness about how they do this. Confusion and lack of knowledge about how the process works, and the system's real inadequacies contribute to the cynicism and ambivalence.

In the services planning year prior to the 1994-95 funding allocations the agencies had not been aware of any public consultation meetings being held, nor was a questionnaire sent out to agencies, as had been the practice in other years. Instead CFA outreach workers visited selected agencies. Some agencies remember that their outreach worker had asked them some questions about what they thought local needs were, but they had not been made aware that this was part of a formal process. Others had not been asked, and had had no idea about what CFA were doing in the way of services planning. Some had seen a Draft Issues Paper for the area and others had not.

One manager describes being angry about being visited in this way and how he declined to participate. He says the anger was for three reasons: because providers were all aware, and many had been told by CFA workers, that identified gaps in services in the area could only be attended to if funding was taken away from existing services and would naturally be wary of losing their own funding, and it was therefore not ethical to ask providers to give this information; because CFA had paid consultant firms big money over the last year or so and now were asking providers to provide them with what was essentially a consultant service without paying; and because agencies already provide them with all their statistics on what they are doing and these statistics should be seen as the providers contribution to the measurement of need in the area.[9]

All agencies feel that they are only in a position to give partial information to CFA on what needs are, and certainly that they are not in a position to quantify needs in a wide range of services across the whole area covered by the team. All feel that there is a message that new or extended services can only be funded at the expense of others, but all say that they would not allow this to influence what they say to CFA about needs.

There is a pervading cynicism about Services Planning. This appears to be an aspect of CFA's work for which agencies have very little respect. In regard to the funding processes, agencies experience and anger, but do generally see CFA as working to try to develop a system that works. But comments about services planning were largely impatient and even contemptuous.

> I don't think there's any careful planning. The services planning CFA are doing, I think it's a waste of time. There's no specifics in it at all . It's just words.

> It's stink! ....They need to look at another way of doing it.

> My view is that it's as the outreach workers perceive the needs rather than what the needs really are.

> I think sometimes they say they consult with community groups, and it's rubbish because they've already made up their minds about what they're going to put in the plan.

> Wellington's already made up their mind what they want to put down. I think the thing is the Treasury is making decisions for social services for

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[9] As CFA staff point out, these statistics are collected for other purposes, and do not form part of the Services Planning process.

things they don't understand. They just look at dollar signs.

I can see why they want to get involved in it but they don't know what they're doing. They haven't got a clue and the results they're producing aren't worth the paper they're written on.

No-one is clear about whether the Services Planning process has anything at all to do with the way funds are distributed. One comments

I'm not quite sure why they're doing it because the funding doesn't seem to follow the services plan. It still looks historical to a major degree.

One believes that it is simply a way for CFA to try to get more money for their own budget out of Government by pointing to the unmet identified needs, and says that if that is what they want from agencies they should just say so.

Public meetings are described as a waste of time, where the people who just happen to be able to go to that particular meeting on that day, and are the noisiest, get heard. Several say the meetings are too broad in their focus, too non-specific, that more meetings should be held so that the agencies providing specific services can get together and discuss the level of need and gaps relating to their own services. People from a whole range of services are at the meetings and they do not know much about each other's services. Too much time is wasted in discussions and agenda are not completed, so there is concern about how the outreach workers could decide what is needed in the areas of service that do not even get discussed.

Outreach workers' consultations with agencies are also seen as a largely a waste of time, because of an absence of standardised or sufficiently detailed record keeping done by the agencies (either community or government), so any information provided apart from the required CFA reports is mostly anecdotal.

This is another area in which informants feel that CFA workers do not have the necessary skills. They believe it to be a task that needs experts in the field with training in research methods, who are able to use a more rigorous and therefore more productive and useful approach.

CFA can do needs assessment till the cows come home. People are going to tell them there's a need here, and here, and here, and all the things *we're* doing are absolutely essential, but there's all these extra things as well. What do they get from that?

One manager points out that needs assessment for social services is a difficult and very imprecise process at best, and any needs assessment is going to be a gross approximation. The results depend very much on who is asked about needs and how. It is not really feasible to attempt to access the potential client population and even if general surveys of the populations were done, people are not likely to be able to tell anyone what kind of social service they might need at some time in the future.

Three of the respondents suggest that it is not necessary or even desirable for CFA outreach workers themselves to be doing the needs assessment part of their Services Planning process. The suggestion is that this be contracted out to consultants or market researchers.

> If you're going to survey the needs of the community you need people who know how to do surveys...who know what they're doing, they know the questions to ask. They need to do it scientifically to produce a blueprint of the needs of the community. The services planning they're doing now is just a sop.

A recurring viewpoint is that doing needs assessment annually is probably too frequent. It would be preferable to commission a thorough and meaningful study once every three years and to update it annually with a much more limited study which attends only to those issues or areas where there have been major changes. The needs of a community, it is stated, do not change so rapidly that a full needs assessment is necessary every year. It is also pointed out that when a new service need is identified it is extremely unlikely that there will be an agency ready to provide it immediately in the next funding year, unless they are already geared up to do so. As CFA does not have a community development role, it is often quite fortuitous if an agency is available and interested in developing services to fit the gaps the services plan identifies.

It is also suggested that CFA should consider tying a three year planning process to a three year contracting process, thus allowing agencies to plan their own services more effectively, overcoming some of the cashflow problems and the uncertainties, and saving some of the time spent in annual contract negotiations, so that both the government purchaser and the non-government providers could be freed up to attend to improving service provision.

II. THE PURCHASING AGENCY

THE FOUR STAFF MEMBERS

Four CFA employees with responsibilities in the area under study were interviewed. Two were in management positions and two were outreach workers with direct relationships with funded agencies in the area. In the interests of maintaining as much confidentiality as possible for the agencies, no attempt was made to match outreach workers with the agencies selected. CFA staff interviewed include two who had been employed within the previous year and two who had been involved with CFA since its inception, and there was an equal spread between male and female and between Maori and Pakeha. They included people who had had various previous employment backgrounds - other public service administration, social work, commercial sector and non-government social service. The whole team were aware of the research; they had copies of the written information for informants and I attended a team meeting to explain the research to them. This also allowed each of them to indicate if they were willing to be approached for interview or not.

THE CONTRACTING REGIME

Perceptions of CFA Philosophy and the Philosophy of the Contracting Regime

On the whole, the two managers are much more ideologically committed to the CFA system and the policy premises supporting it. Of the other two one is quite critical, not seeing the system as one which can realistically be expected to fulfil her expectations and hopes for a truly productive way of resourcing particularly the Maori community for the provision of appropriate social services. All four have serious criticisms of what are described as a history of bad management practices from the head office from the time of initial setting up.

When asked what they understood to be the role and function of CFA, answers given by all four CFA staff show they have obviously read the mission statement of the organisation's Statement of Vision and Mission Statement which state respectively:

> To be the pre-eminent agency for the co-ordination, development and purchase of quality community and iwi-based social and welfare services

on behalf of government.

and

To manage the government's investment in social and welfare services to ensure all New Zealanders have access to quality services according to their needs. (NZCFA Procedures Handbook 1.02)

However there is some variation in their perception of the political philosophy attached to the separation of the DSW into three business units in 1992, and the creation of the Community Funding Agency. They do not know of any statement of policy or philosophy or rationale accompanying the setting up of the agency. The principles of managerialism which supported that restructuring are stated quite clearly by both people in management positions, one of them discussing the reform context in which it had taken place, locating it as part of a trend of the late 1980s and linking it with the State Sector Act and the Public Finance Act. The outreach workers have a less clear idea of this reform background, but both have the idea that the system was designed to provide greater accountability and was based on values of the business world, such as getting value for money. While some appear more informed than others, all four have some notion that the changes also related to a social policy move in the direction of less direct state involvement in social service provision and a shifting of responsibility for this provision to 'community'. One only has any overt criticisms of this shift, mainly to do with a failure to shift sufficient resources across to the community along with the responsibility. As with the provider agency participants the CFA staff focus on their job, and do not make explicit connections with the wider policy context.

All are familiar enough with the language of the purchaser/provider split model and the state sector reforms to identify that the primary client of the CFA is the Minister of Social Welfare. Only one attempts to fit the child client of the provider agencies into this model, with the child in need seen as the second customer of CFA, in the sense that CFA has a responsibility to purchase excellent service on the child's behalf. CYPS is not seen as a customer, even though CFA does purchase services on behalf of CYPS. One person speaks of CYPS as if it were in a sense in competition with the community providers. These views are in contrast with the approach taken in the customer evaluation done for the Auckland office of CFA in 1993, which defined the provider agencies as its customers.

Perceived Advantages or Disadvantages of the CFA Funding System

The two managers see the most advantages in the CFA system, compared with the funding system formerly used by the Community Services Teams of the DSW. They believe that there is greater accountability and contestability in the new system, keeping both funder and providers open and honest, that there is less bureaucracy, and that the management of CFA is more accessible to those funded. Disadvantages mentioned are that there are greater compliance pressures imposed on agencies with changing requirements for proposal formats and reporting formats, that the CFA reaction time is too slow when new social needs are identified and that there is no provision for locally administered discretionary funding. It is pointed out that CFA needs to have a well developed social awareness as well as a financial awareness. One person feels that there are serious flaws in the system which, because of the compartmentalisation of funding into different NDOCS, make it incapable of funding the holistic kinds of service which are often thought to be the most successful, and are the preferred model for Maori and Pacific Island agencies.

The Output Purchasing System

As with the providers, the new system of purchasing a specified number of units of service, or outputs, is seen by CFA staff as a great improvement over previous funding systems. Interestingly, one interviewee believes that this opinion (strongly held by her) is an 'unpopular' one with providers. A number of reasons are given for this system being better. It is said to offer more accountability, because the outputs are more easily measurable; it offers more flexibility to agencies in their management of their funding because they are no longer required to show that they have spent certain proportions of their funding on certain inputs, (as agreed to in a submitted budget for example staff salaries, caregiver training, stationery, volunteer expenses).

One comments

> ...we allowed an environment to develop where...a lot of groups...got into doing some of everything instead of being quite clear....I believe every organisation should be quite clear on what they are there for and should know how much it costs to run that service and if you don't know those two things I'm really at a loss to understand why you're in there anyway....A lot of good people spend lots of hours in organisations where they don't know those two things and then go through a lot of pain later when they have to actually start to report.

However, two flaws are pointed out in this system. One, that payment per unit of output, even with quality measures built in, exerts a kind of pressure to produce more of those units when the important quality requirement for the particular social service may be different from the simple production of units.[10] This is very much applicable in the area of care for children. A tentative suggestion was made that CFA may be working on devising a way of purchasing units that would mean a move to purchasing a quantity of quality outcomes. Second, the point is made by one person that the same unit of service when purchased from different agencies may not be comparable with each other at all.[11] Some agencies have been more successful or more vigorous in pursuing separate contracts from CFA or separate fee-for-service funding from CYPS to cover these services. While CFA and CYPS have this year produced a set of guidelines which specify the actual services and costs meant to be covered by a bednight and the additional costs which will be met by CYPS, there are still limits on how agencies meet the other costs. CYPS will not pay a fee for service for anything not agreed to up front at the initial referral, and getting CFA to cover these for 'community' referrals still depends on the accidents of historical funding precedents. The very hardnosed managerial answer from the head office is that an agency should only ever provide exactly what has been purchased and while no less, certainly no more either.

PERCEIVED IMPACT OF THE FUNDING SYSTEM ON PROVIDER AGENCIES

All CFA staff interviewed believe that provider agencies should be able to make their own decisions on what they will provide. However, all are aware of situations in their area where decisions have been made that were either a direct response to what CFA would fund or what unit cost they would pay, or were a response to what agencies experienced as indirect pressure from CFA. Examples given include agencies which closed down because the CFA would not pay the

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[10] A quality social work service for the child *may* mean fewer care nights provided, because the work has been done with the family that means the child can be safely returned home.

[11] Using the bednights unit again as an example, at one extreme one agency may provide a 'bednight', with bed and board and clothing for a child, while at the other extreme, another may provide a 'bednight', with those together with social work support, budgeting and advocacy for the family, counselling for various members of it, parenting skills training for the parents, and a residential programme for the child.

unit cost they were charging for their service, others where services were limited because of what CFA would not fund, and others where services to which CFA had given a higher priority were established.

There is considerable embarrassment for these staff about the nature of some CFA administrative requirements, the changes made in them and the short notice given to agencies regarding changes; and there is a recognition of the compliance costs to agencies in terms of staff time and capital outlay, for example on computer programmes, which cannot be funded out of the CFA contract. There is a commitment to behaving in an efficient and responsible way towards the providers and a general sense of irritation and bemusedness about requirements which have frequently been imposed unexpectedly by the head office.

THE RELATIONSHIP BETWEEN CFSS AND CFA

As with the provider agency informants, CFA respondents feel that at an interpersonal level relationships are good. Some see the relationship only in these terms. One says the relationship between the provider sector and the CFA office is 'volatile, dynamic and emotional', but sees this as healthy; another sees problems in the sector/team relationship because of the many organisations in the area which are recently established and struggling to survive.

The CFA job is seen by these CFA staff to be to keep the sector informed; to collaborate and network with agencies to ensure a good range and quality of service is provided; to be clear with agencies about requirements and expectations and to get money to them efficiently; to be open, honest, fair and transparent, and, one says, ideally to provide a way of mediating control by the 'community' over social services provided within it. One suggestion was that at network meetings in the area there should be regular times set down to review and repair any problems in the relationship.

CFA is thought to be trying to be fair and equitable in its dealings with all agencies, but not to have quite achieved that yet.

The main current problem in the relationship with CFSS is perceived to be the new funding protocol for the purchase of CYPS bednights. CFA is seen as

falling down on its obligations to agencies by being late with contract payments. All in some way mention this as most unfair to agencies, and some describe it as bad business practice.

However, the primary reason for this problem is identified by all as having to do with serious failure in the communication between CYPS and CFA, and with CYPS managers' failure to make reasonably accurate estimates of the numbers of bednights they would require None of these CFA staff mention any other hindrance to good functioning of the funding protocol, whereas provider agencies had also pointed out the inherent difficulties of 'crystal ball gazing' in making accurate estimates of not only how many bednights an office may need in total over a year, but in just how these might be distributed over the rather large range of CFSS agencies available to them.

A number of comments indicate an incredulity similar to that which had been expressed by some CFSS informants about the seeming lack of information available from CYPS offices about the number of bednights they had used in the past year, or the projections they could make on the basis of children currently placed.

> I find it inconceivable that we can't access what were the actual number of bednights by providers in the area that were done last year.

All see the communication problems as stemming from the restructuring of 1992 in some way, to do with poor change management at the time, with professional jealousies and suspicion, job insecurities and self esteem, and simply distance created by having little to do with one another. Previously Community Services Teams had consisted of social workers who, immediately before the restructuring, had been located in the same offices and under the same management as the case working social workers. Now CFA workers are drawn from a range of backgrounds, many of them not from social work, and they are located quite separately from CYPS staff in one central office serving a large geographical area.

Again, there incredulity is expressed at the poor communication and lack of trust.

> ...it's very unhealthy, bad for the department. It stops us from doing a better job than we're doing and it certainly stops them from doing a better job. I pick up information from service providers about what our colleagues [in CYPS] are saying about us and I find that incredible - for

service providers to be used as dumping grounds or bitching boards. And the attitude they [the CFSS] must have about the two services must be incredible. And we do it too. I know a case of where CFA has said some quite scathing things about social workers in CYPS, so we've got to get our act together.

The protocol depends on CYPS managers authorising CFA to negotiate contracts with CFSS on their behalf. CFA workers are frustrated by the lack of information from CYPS, saying they cannot do their job for the agencies in the face of this lack of co-operation from CYPS, even though they are very well aware that children are being cared for without contracts having been signed and paid. However, one also suggests that CFA workers may be contributing to the communication problems by not taking the initiative with CYPS offices when they have already been informed by a CFSS that a contract is required, but rather sitting back and waiting for the CYPS office to make the contact with CFA requesting a contract. It is suggested that the 'good' interpersonal relationship provider agencies have with their outreach workers may sometimes inhibit them from complaining about this kind of inactivity.

The two people in management positions feel that the protocol was introduced in too much of a rush, without sufficient listening to providers, and that while at the the head office level there has since been a lot of liaison with an advisory group from the sector in sorting out the new arrangements, this has not filtered down to the local level. They believe that while CFA and CFSS may have been given certain information about how the protocol was to work, clearly colleagues in CYPS offices did not all have this same information or adequate enough training on it to ensure that they knew the procedures.

RELATIONSHIPS BETWEEN CFSS AND THE ISSUE OF COMPETITION

All the interviewees see the CFSS agencies as being in competition in some way. This view from the purchaser agency could be more realistic than the provider agency viewpoints, as they have a more external view of the relationships betweeen providers. One CFA worker clearly states the opinion that competition is not useful, that co-operation is better, and that CFA and its system creates the feelings of competition between agencies.

We've made it that way....It's dangling carrots in front of a whole lot of organisations....The reaction we get is amazing. Different groups ring

up about each other and say 'they've done this, or they've done this', and we feed that sort of environment.

Another opinion is that of course there is competition, that is what the system is about, and competition is healthy, though it is not just competition that is involved. There is complementarity, in that there are few services that are identical, and all are fulfilling a different need.

Competition is always healthy to have. I think where competition disappears it tends to allow for a fairly lax attitude.

Another who sees the competition which is there as healthy nevertheless thinks that some agencies see their relationship too much in these terms, that they should not be competing so much as making good collective decisions among themselves about what the community needs and making sure all the services are provided rather than competing with each other to get the funding.

...some elements of competition are good and they're healthy because they stimulate growth...but we've got to make sure as CFA that we don't put a false stimulant into that environment.

Sometimes the competition for funding is thought to bring out the less favourable attributes in people from the agencies, including racism, especially from the older traditionally funded agencies, because they are anxious about being supplanted by the different (Maori and Pacific Island) groups CFA is now targetting for funding. The competition seems more apparent now, more out in the open, because CFA is clear and transparent about where the priorities are for funding.

A lot of social services feel quite threatened by the different priorities we target.... I think we have rampant racism amongst a lot of the services and it's more to do with their fearfulness about losing their resources than a proper appreciation of what is needed.

WHICH SERVICES ARE CFA TARGETTING AND WHO SURVIVES?

Only two of the interviewees clearly believe that CFA are very specific about what kinds of groups it wants to target for funding support, these being Maori/iwi-based groups, rural groups, and Pacific Island urban groups.

A very important difference is noted in the philosophy or in the motivation involved for workers in Maori and Pacific Island agencies working in this area,

compared with those in Pakeha or mainstream agencies, that is that there is a very clear sense in which the organisation exists because the people feel a cultural obligation to do the work, compared with the personal career choice made by most Pakeha workers in government or non-government organisations.

> ...you might get a collective of tribal elders that has great concerns about what's happening with their rangatahi, or their young children and it's that that makes them want to do something about is. That's very different from other organisations where someone goes to varsity and gets a degree in counselling... and then decides to set up a counselling service. The reasons for doing that social service are very different, and I think that a lot of Pacific Island and Maori organisations are forced because of their cultural obligations to do that.

The staff all feel that older more established organisations survive best both in the current funding system and in any other funding system there has been. Organisations are seen to need a wide base of operations, overdraft facilities, some independent source of finance, and probably need to be of a certain size to be most likely to survive. Organisations that are newer and smaller without these established sources of finance could survive if they had really good administrative skills, could depend on a pool of voluntary labour and were given enough support from CFA. Newer, smaller groups are thought to be usually Maori or Pacific Island groups. CFA is seen by some as taking advantage of the aroha of the dedicated volunteers who keep some of the agencies going, and CFA really needs to work harder to ensure that these groups do survive, because they are the very groups which should be getting the highest priority

SOCIAL POLICY VIEWS: THE ROLE OF THE STATE AND THE VOLUNTARY SECTOR

As with the provider agencies, all CFA interviewees express the opinion that social services are best provided by 'the community'. There are a range of ideological positions behind this opinion. These include:

1. One position which ideologically is aligned with the approach of market liberalism - that the *private* sector whether for profit or not for profit was simply better at providing services, that the less government is involved the better; that government services necessarily mean unwieldy bureaucracies, and that most of the services being provided by the CYPS at the moment could be done and probably better by the private sector as long as regulatory systems were in place and effective. This kind of ideological rationale is not a feature in

provider agency viewpoints at all.

2.   A radical reformist/social justice oriented position very similar to provider agency viewpoints, that communities do it best, because they are close to the people, that is they do it best for themselves; also that communities have the *right* to provide their own services in the ways they see fit, and the *right* to have adequate resources with which to do this. This is expressed by one in an 'extreme' suggestion allied to a Maori sovereignty viewpoint that there should be no state provided services (including income support payments) for Maori people, that Maori should have responsibility for and control over all their own welfare needs.

3.   There is a moderate position - that non-government services provide non-acute services, while the state should be involved in provision of certain core services for children and young people, especially those relating to the most difficult and acute, those requiring formal investigation, and those requiring safe custodial services, but even these were thought to be able to be better performed in joint state/community initiatives. Clients receiving 'non-essential' services were thought by some to have some obligation to make a contribution to the cost.

On the issue of the state's role regarding funding of non-government provided services, all these staff clearly have some difficulty with the fact that CFA does not fund any services up to 100% of the cost. All express some discomfort or disagreement with the present situation where although the full unit cost is not paid, CFA couches its contracts in terms of purchasing a certain number of units of service, requires that it have regulatory control over the organisation regarding their provision, and also requires that money be repaid if the specified number are not provided (or not provided to the standard required.) It is acknowledged that some organisations depend on thousands of hours of voluntary labour, and that this is not accounted for in estimates of costs. No clear solutions are offered, because it is acknowledged that CFA does not have enough in its budget to fund 100% of the unit cost of services. Some express the view that if services are defined as core, or essential, they should be purchased at a full and realistic unit price, and that only if the funding is of this nature will contracts be truly comparable to commercial contracts, and only in those circumstance should CFA impose its claw back clause. For others there is a lingering discomfort with this and a thought that some agencies might become complacent and inefficient and lose their their adaptability if they received 100% funding for services.

Apart from the funding role, the state through CFA is believed to have a regulatory responsibility, to ensure that standards of service are met, and to engage with the community in a collaborative approach to the provision of adequate and quality services.

> Personally I think the less the state has to do with provision of certain services within the community the better. However, funding wise I think there's an obligation. It's a reciprocal responsibility between the state and the community, because the state has the resources in dollar terms to support those initiatives, probably more so in the early stages of development, less as the service or organisation matures, though not to completely abdicate. I think the state has a role in monitoring what's there....It should be more a collective or collaborative effort to maintain certain minimum standards, so they have a role there, and to pass on the resources. But the less they have to do in the way communities develop their own options the better.

CFA and Community Development

Nevertheless, all these CFA staff see a value in CFA engaging in developmental work, but to varying extents. One manager is very approving of the move away from intensive involvement of staff with the development of agencies with the disestablishment of the Community Services Teams, because it led to bias and partiality in funding allocations. Outreach workers, however, who are clear that they have been instructed that this is not part of their role express a degree of frustration with this. They feel that it is unrealistic to expect the 'community' to get up and run the services required, especially those most thought to be lacking, such as culturally matched services, without a lot of input and assistance, and they want to be able to offer their services whether in an advisory capacity or as a seconded committee member, for example. On the other hand, one of the managers favours quite a different approach, that of encouraging an already established national provider to expand and diversify into new services when new needs are identified, rather than working to help establish small local agencies.

There is a distinct sense both amongst CFA workers and the providers that the leaning of the head office is towards expansion and diversification by existing national providers rather than encouraging small new locally based agencies. In terms of CFA being little involved in developmental work, this would make sense. In terms of their stated commitment to encouraging Iwi Social Services, and culturally appropriate services, it does not.

The message has clearly been delivered to CFA workers that they are not to

engage in developmental work. Yet the organisation's Statement of Vision specifically espouses a developmental role

> To be the pre-eminent agency for the co-ordination, *development* and purchase of quality community and iwi-based social and welfare services on behalf of government (NZCFA Procedures Handbook 1.02).

NEEDS ASSESSMENT AND SERVICES PLANNING

As would be expected, the CFA staff have a much clearer idea of what the Services Planning process is than the providers, although the newer staff are less clear than the older. There is general agreement that the providers have little understanding of the process, and need to be given much more information about it. It is believed to be a very important concept, that it needs to be done, that it needs to be a blueprint which is good enough, so that the providers can trust the process, but that CFA have not got it right yet. It is seen to be as yet a very imprecise process, with the funding outcomes still being driven more by historical precedent than by a true measurement of the community needs.

It is recognised that the public, the clients, the consumers of services are not being consulted at all, and that the potential users of services are not being reached. There was some dissatisfaction with using the providers to speak for the community. The likelihood is acknowledged that providers will be constrained by their own anxiety about their funding, so that they give a distorted message about the importance of their own continuing service, at the expense of truly informing CFA about the gaps in service in the area. There is also recognition that CFA funds for any new initiatives are in fact limited and that this affects the kind of feedback agencies may give.

Other flaws are seen to be in the actual processes used to consult. Where agencies are just visited individually they sometimes seem to exaggerate the need for their own services, whereas in a group they might be more objective. However, when public meetings are held for agencies to come together these need to be very skilfully facilitated in order for all service areas to be given sufficient time and consideration, and also to ensure that the 'squeaky wheel' does not dominate the meeting. Questionnaires had been used in the past also, but these are believed to give little useful information unless followed up with outreach worker visits.

One CFA informant believes that there should be another organisation doing the Services Planning, or at least the needs assessment part of the process. This worker thinks the process is quite a sham, in that needs assessment contributes very little in the end to the way the funding is allocated

> ...at the end of the day we say we're going to fund this lot and this lot, and do you agree team, and that's it. And I'm being really honest there, that's exactly how it happens and it sucks. And when you think of us going out to organisations and saying, 'Well, we have to [allocate it this way] guys, because Services Planning showed this and this, and it was a decision made by the community.

This inadequacy is a critical failing in the contracting system. Without an effective needs assessment and services planning process there can be no genuine realisation of the ideal of community provision of social services, and the contracting system is simply a mechanism for tracking and monitoring of government spending and in the process a mechanism for greater government control over non-government organisations.

CHAPTER NINE

DISCUSSION AND CONCLUSION

I. DISCUSSION AND ANALYSIS OF THE RESEARCH

INTRODUCTION

I started the research for this thesis with a number of questions. In this chapter I discuss the contribution this research makes to answering these questions and to others raised by the research itself. Two major themes in the debates and the empirical literature are relevant to this research and its findings.

One major theme has been that government purchase of service by contracting with the voluntary sector has changed the nature of the relationship of the state and the voluntary sector, so that non-government organisations have become agents of the state, mediators of state policy to the public, and are losing their autonomy, their independent existence and their advocacy role. It has been posited that this is happening as the government purchaser exerts control or influence over the services provided by what it chooses to fund, and because the agencies become increasingly dependent on government funding once they have bought into the contracting system. The contract culture imposes its own values, assumptions and ideologies on the provider agencies and these are in conflict with the values and ideologies which have inspired the voluntary sector. The way we think about the voluntary sector is said to be changing, as the language of the contract culture becomes the language of discourse about the voluntary sector.

A second major theme in the literature has been that while there are some difficulties in the implementation of the policy of government purchase of service, there is no doubt that the policy and practice will continue, that it is regarded as advantageous by both government and the voluntary sector, and that the important challenge now is to fine tune the system, to get it right. The difficulties and problems have been analysed in the terms of both organisational economics and political economy and solutions suggested.

A sub-theme within both of these themes has been that agencies vary in the extent

to which they are affected by the contracting system, which relates partly to their ability to access independent or alternative funds and partly to the nature of the organisation, with small, locally based agencies with a strong self help base having more difficulty with the tensions of the contracting system than either older, established agencies or agencies specifically set up to operate within the contracting system. Smith and Lipsky's typology of agencies is a useful tool for analysing these differences. Its relevance to the current research is discussed later in this chapter (Smith and Lipsky, 1993). The position the agencies are in now in terms of their relationship to government is analysed within Kuhnle and Selle's paradigm of relations between government and voluntary welfare organisations.

Empirical studies of non-government and government agencies engaged in contracting relationships suggest that agencies in the voluntary sector are in fact still primarily committed to conducting their affairs and making their decisions on the basis of their own philosophy, ideology and mission, that they maintain a somewhat cynical stance towards the government contracting system, and use a number of strategies to manage the difficulties they have with it. The empirical material also indicates that the difficulties experienced with the processes are similar from one country to another, in settings where contracting has been used for twenty years as well as in those where it has been very recently introduced. This suggests that there are likely to be ongoing process and implementation difficulties not easily addressed by 'tinkering' with the details.

A recurring theme in my research has again been that the managers in the provider agencies are highly committed to following the guidance of their own agency's philosophy in determining directions within the agency, and that while in practical terms they may be managing every day within the terms of the philosophy of the purchasing system, they place a high value on their own independence and do not perceive themselves to be delivering their services simply or even primarily as agents of the state. However, the reality of their position in the contracting system means that they are operating within the language of two very different value systems, within the language of the contracting culture, of the world of commerce and within the language of service, of giving, of whanau and aroha, of spirituality, of advocacy, of altruism. The every-day demands of managing the contracting system, their relationships within it and the difficulties they experience with the processes means that their attention is for the most part engaged with the details of the system using the language of the contract culture. Implicit and

explicit efforts are made to return to their own mission and philosophy to assess what they are doing and guide their decisions. The staff in CFA, the government purchasing agency, are even more immersed every day in the language of contracting. Their greater acceptance and espousal of the values and ideology of the system and its rationale are consistent with this.

THEORETICAL IMPLICATIONS OF THE RESEARCH

The Aims and Consequences of Social Policy

In the introduction and implementation of policy changes, the same practical strategies may be supported by different people and groups for a whole range of reasons deriving from different ideological and value positions from those of the architects of the policies. However, while this may be the case, and appears to have been the case with the introduction of the government purchase of social services in New Zealand, nevertheless the policy ultimately may not serve all those ideological and value positions. While the transfer of government money to the non-government sector, to 'the community' for the delivery of social services was supported on the grounds of social justice, and community and Maori self-determination, and while both of these ideologies had a place in the early moves in this direction in the 1980s, by the time of the introduction of the contracting system and the purchaser/provider split the dominant ideological rationale was based on economic liberalism and managerialism. The realities of the system only *partly* serve the purposes of the agencies in the voluntary sector, but because they partly *do* serve those purposes the agencies support its continuing.

George and Wilding's paradigm for a study of the aims and consequences of policy (George and Wilding, 1984) provides a useful framework for what my research suggests is happening in the relationship between the state and the voluntary sector in New Zealand with the introduction of the policy of government contracting for social services. Their distinction between the stated and unstated policy aims is interesting but difficult to pursue since we can only ever speculate about unstated aims. However, other aspects of their paradigm are useful. They point out that there are likely to be both government and non-government participants in the development and introduction of policy. Both government and non-government stakeholders have certain aims which are likely to differ markedly, and both have some notions about the intended and anticipated consequences of the policy. The actual consequences may differ in important

ways from these.

There is an intense contradiction between the reasons for non-government agencies, or 'the community', wanting control over the provision of services and government funding to provide them, and the reasons for the government wanting to reduce expenditure on direct service provision by the state, encourage the expansion of service provision by the voluntary sector and use the contracting mechanism to provide the funding government is prepared to make available for this. Further, there is also an intense contradiction between the aims both of the government and of non-government agencies and some of the consequences of the policy. Rather than *either* increase 'freedom' by reducing government activity *or* devolve power and control to 'the community', this research suggests that the policy has had the consequence that control and regulation by government bureaucracy has increased and that non-government agencies now have less control over their own affairs. Not only is there control and regulation over services which they are providing specifically on referral from the direct government provider, but all services which receive any government funding are now defined as services 'on behalf of government', and total accountability to government is required for them even though funding for them never fully covers their cost.

Changing Perceptions of the Relationship between the Voluntary Sector and the State

The theories and concepts of the sociology of knowledge have been helpful in thinking about the way value systems and ideologies interact with social, economic and political realities. There is a complex interplay between what people believe in and what confronts them in their reality. Theorists in the sociology of knowledge have shown that there is not a simple process wherein either ideas driving social change or social reality determines the way people think about it and the ideologies they believe in, but that both ideas and reality interact upon each other, the way we talk about reality affecting how we construct it and our experience of reality affecting how we talk about it. Some maintain that this happens within a gradual change process, others that it happens more dramatically, in times of upheaval.

My research suggests that the participants in the changing relationship of the state and the voluntary sector are talking the language of different ideologies and value

systems *at the same time*. Whatever ideas and concepts are useful for talking about what is happening are what is used. The challenge for non-government agencies is whether the language of the contract culture comes to dominate all our talking about the voluntary sector to such an extent that the language of their own values and ideologies fade out of the way we think about them.

A Typology of the Agencies

As discussed earlier Smith and Lipsky's typology of contracted agencies can be used to classify the five agencies in this study. The two Christian agencies fit their Type One - traditional agencies which were set up in the late nineteenth or early twentieth centuries, usually with substantial endowments and considerable independent funds.

The two agencies which have been set up in direct response to the provisions of the CYP&F Act and the availability of government funding under those provisions fit Smith and Lipsky's Type Two, though somewhat less well.

Type Three agencies are local agencies, which have been in operation for some time, set up in response to a perceived local need - typically run by volunteers, operating on a shoestring and rather shaky financially. Smith and Lipsky say that the effects of the contracting regime are more pronounced for these agencies - they resemble government the least, they have to make the most pronounced shifts in their service delivery and their administrative practice to accommodate the requirements of the funding system, and they experience the greatest tension between the values of the contracting regime and their own values. All this is true for the Type Three agency in this study. In fact they had not previously provided the services of a CFSS, and although providing other services for youth, had been reluctant to become involved at all in providing services on behalf of a government social service department. They had been persuaded to provide the service, but had not been using the funding system to its fullest financial advantage to them. For some time before the 1994-95 funding year they were charging a much lower fee-for-service than were other agencies, and were not paid at all for some of the service they provided. Buying into the funding system has eventually brought them a much higher and more secure level of funding than they have previously subsisted on. Unit costs paid are now more standard, and there are now more effective systems of reporting the units of service provided, from the 1994-95 year onward, contract renewals are based very largely on the

level of service provided in the previous year. They are still, however, wary of providing services on behalf of government, and the most radical in their commitment to an independent ideology and see the values of the government purchaser as quite alien to their way of working.

Smith and Lipsky's model does not fit the Type Two agencies in this study so well. They describe this type of agency as tending to be rule-bound, and highly responsive to the government agency for whom they were set up, and only minimally impacted on by the requirements of the contracting regime, because they started out under its requirements. The two Type Two agencies in this study have a somewhat more radical and critical approach to the government agency for whom they were set up than Smith and Lipsky's description allows, and do experience considerable tension between their own philosophy and way of working and both that of the contracting agency (CFA) and that of the direct government provider for whom they provide service (CYPS). This is linked to the fact that the people involved in the setting up and running of the agencies were already community activists or iwi activists who approach the task in the context of a radical critique of the wider society and of government policy, becoming involved in the setting up of these CFSS not simply because of a professional interest or a child welfare focus, but because providing services for the children of their own people fits within their more encompassing ideology of self determination. There is as much tension for them in ideological terms as for the Type Three agency, though it is true that they have not needed to make as many changes in their operations to fit with the funding regime, since they started out under it and designed their own sytems to fit with it from the beginning. In many ways these two agencies are close to the Type Three agencies.

Smith and Lipsky's analysis of Type One agencies' responses to the contracting system puts them on a continuum between Two and Three, their position being dependent on historical and situational factors. One of the agencies in this study fits Type One very closely, the other not so well. It is required to be largely self funding by its parent organisation which does not have a substantial source of independent funds. It shares some of the resource dependency of the Type Two agencies, and would not be able to continue to provide a Child and Family Support Service without government funding, but the parent organisation has diverse enough operations to be able to sustain its services through periods of cashflow difficulty.

A Paradigm of Relationships between Government and the Agencies

Kuhnle and Selle's paradigm of relations between government and voluntary welfare organisations can also now be used to understand further the position of the five agencies in this study in relation to the state in terms of their degree of dependence or autonomy in finances and control, and in terms of their degree of integration with the state in communication and contact. Kuhnle and Selle point out that both of these dimensions are continua, and that there are two variables within each. Thus there can be ideological nearness or distance, and nearness in terms of scope, frequency and easiness of contact; political tradtions and culture determine how great ideological distance can be while nearness in communication and contact is maintained. There can be dependence in finances or control or in both. A high level of government funding does not necessarily imply a high level of control, and there may be a high level of control of services through regulation of standards without government funding. The control variable is the essential one. They suggest that the contracting out model of government funding may be associated with greater control than one based on general block grants (Kuhnle and Selle, 1992:28-31). The following is an attempt to classify the five agencies in this study using their paradigm:
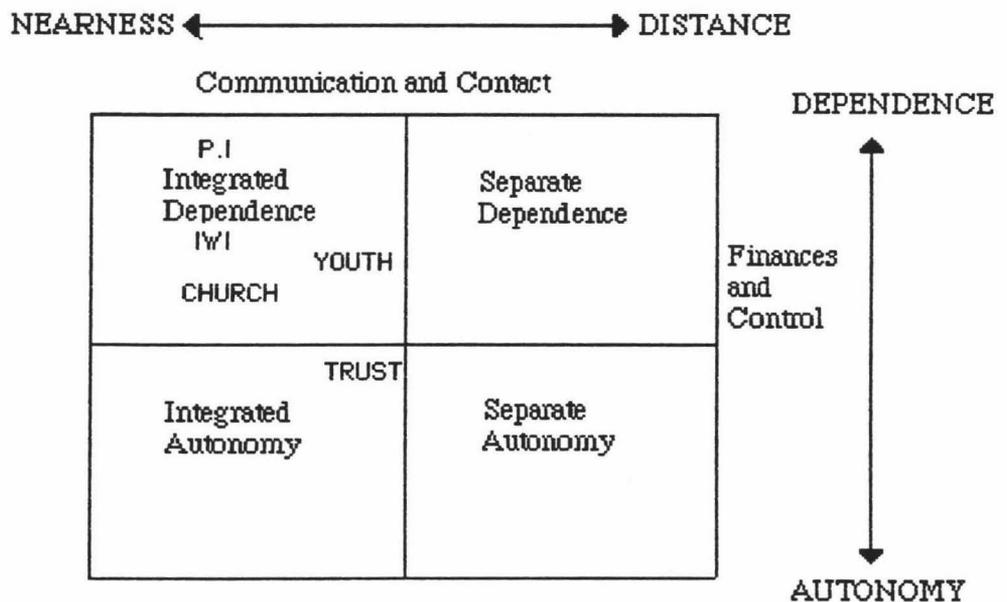
Figure 2.   Integration and Autonomy - The Five agencies

All the agencies are towards the integrated end of that continuum, as they all have

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close and frequent contact with government in case work matters, sharing clients with the government provider, CYPS, and making and receiving referrals to and from CYPS. I have placed four of the agencies in the Integrated Dependence box. The church agency is slightly less dependent, but only because its parent body can assist it through cashflow difficulties, not because its activities are any less controlled, and not because it has any greater chance of surviving without government funding than the other three. The local Maori/multicultural youth agency is placed in a slightly more distant position, because it still maintains as much caseworking distance as it can. These positions all should be envisaged as mobile to some extent. The local Maori group is probably moving closer to the centre of the Integrated Dependence box. The Pacific Island agency and the iwi agency are clearly in this box, the position of the iwi agency indicating that it *might* have slightly less dependence than the Pacific Island agency, with the potentially greater resources of the iwi. The trust is placed in the Integrated Autonomy box, but close to the centre of both continua. Although it has a high level of financial independence, it is as much subject to control of its activities by regulation and approval standards as the other agencies. It actually has close and frequent contact with government in case work. It could, however, easily move into Separate Autonomy, if it chose to develop in a different service direction.

THE RESEARCH FINDINGS

My original research question was: What does the relationship between the agencies as providers and CFA as funder mean for the agencies in this study? I will start by looking again at the three themes within this question, then return to the larger issue of the way the changes in the funding system are accompanied by and contribute to changes ways of thinking about the role of the voluntary sector and the state in the provision of social services.

Autonomy - Service Delivery and Administrative Issues
What service delivery and administrative responses have been made by the agencies in response to the demands of the relationship with CFA, and are these (perceived as) positive or negative? Questions and issues raised within this theme were:

    i.   Have provider agencies tailored their services and their administrative processes to fit with the specific CFA purchasing requirements, and how?

ii.   Has this had a negative or positive effect on the services provided?

iii.   Do Maori and Pacific Island agencies have administrative difficulties with the current funding environment related to their holistic approach to service provision?

iv.   Has compliance with the requirements of the funding system created administrative costs for the providers?

v.   What are the advantages and disadvantages of the CFA system of funding compared with other and previous systems?

These Child and Family Support Service providers are all very sure that they do not make their decisions about what services to deliver, or decisions about case work, on the basis of the purchasing agency's funding policies, but that their own agency's kaupapa/mission/philosophy is the guiding factor, along with the principles of good practice. This is consistent with the findings of other ethnographic studies overseas and in New Zealand (Bernstein, 1991; Leigh. 1994). However, as they answered in further detail it became clear that, except in the one agency which provides a significant proportion of its budget out of its own trust income, in both the nature and volume of services provided the purchasing system has considerable impact. That the manager has to juggle the funding issue with other issues in decision making, even if the frontline staff are protected from being concerned about it. The CFA staff are very aware of the power their agency has to influence the operations of the provider agencies.

It can be argued that indirectly the purchasing system has had some positive effects for the newer agencies which have been set up to provide specifically Maori and Pacific Island services, because of its derivation in part from the provisions of the Children, Young Persons and Their Families Act, and because CFA is obliged to apportion its funding guided by *Puao-te-Ata-tu* and *Te Punga*, and to ensure that services are provided for all ethnic groups. Under previous funding arrangements it would have been much more difficult for these agencies to set up at all, and certainly much more difficult to obtain as much as 80% funding for the services they provide. This potentially positive effect needs to be balanced against the particular difficulties faced by such agencies because of this high level of dependence, as discussed below.

Most of the participants in this study, in both the purchaser and the provider agencies, agree that in spite of difficulties with the contracting system and its

implementation, they prefer it to previous funding systems. It is seen as being potentially fairer, because the organisations doing the volume of work get the funding, and as potentially more transparent, so that funding does not so much depend on subjective issues such as the lobbying power of organisations, although historical funding levels are still seen to determine funding allocations to a great extent. Both the providers and the CFA staff agree that the contracts are one-sided, that there is no true negotiation possible. This also is consistent with Leigh's findings (1994).

The impact on administration in the provider agencies has been major in the year under study. As noted in the overseas literature, and supported in New Zealand research (Leigh,1994), contracting has brought increased administration costs at all stages of the contracting process - agency approval, submission of proposals, contract negotiation, accountability measures and reporting requirements - with an accompanying need to employ more skilled administrative staff, and to require more administrative work of case working staff. In this particular year for CFSS, a great deal of time and energy has been taken up with two major changes: the transition from input funding to output funding, with the greatest administrative difficulty being in contracting to provide bednights of residential care for children; and the transition from fee-for-service payments to purchase of service by CFA contract for the provision of care on referrals from the state provider, the Children and Young Persons Service. There have also been financial costs for agencies which have had to change computer systems to accommodate new systems. The costs to agencies are acknowledged by the CFA staff, who agree with the providers that multiple changes made in administrative requirements, often on very short notice, over the three years of its operation have increased these costs, as have the ongoing problems with late payments of contract instalments. There is some evidence in this study that compliance costs are harder for the newer, smaller, stand alone agencies to bear, which Leigh did not find with her larger sample.

A major implication of the monitoring and regulation of non-government agencies in the contracting system is that as the services provided become more standardised, the advantages of non-government agency provision are diminished. There is a risk that the rigidity, remoteness and unresponsiveness of the government provider of residential care and other services for families, which was one of the arguments in favour of its provision by non-government agencies,

is now being imposed on those agencies by the requirements of the contract regime.

Surviving in the Contract Regime

Which factors are (perceived as) significant in contributing to the survival of agencies in the context of the funding environment? Questions and issues raised within this theme were:

i.   Are some agencies better able to survive in the current funding environment than others?

ii. What makes the difference?

There is general agreement that the non-government agencies most likely to survive in this funding environment are large, older, well-established agencies with other sources of income, or at least good systems in place to enable the agency to survive cashflow crises which accompany lengthy contract negotiations and insufficient and late contract payments, though one manager thinks that really good administrative skills are the most critical factor. The important implication of this for CFA is that the agencies most likely to survive are the larger, Pakeha, traditional charities *not* the ones CFA's own social policies commit them to encouraging - Iwi Social Services and other Cultural Social Services. The universal application of the managerialist principles on which the contracting system is based presume a 'level playing field' which ignores the history of colonialism behind the difference in the level of resources available to iwi and Pacific Island groups compared with those of the Pakeha non-government agencies. There is nothing in this research to indicate that subjective issues such as the reputation of the agency or the quality of its interpersonal relationship with the funding agency affects its survival prospects as directly as does its ability to maintain itself from alternative funding sources through the cashflow difficulties accompanying the contracting system.

Ideologies and Values

How does the value system within which the agencies provide their services fit with the value base of the funding model? Questions and issues raised within this theme were:

i.   What are the expectations of and beliefs about the role of non-government agencies in the provision of social services are held by workers in both the provider agencies and in CFA?

ii. Is there a tension between the value system of the social services culture within which the agencies provide their services and the competitive market value base of the funding model, how is this manifested and what effects does it have?

iii. How do the provider agencies relate to each other and to the purchasing agency within the contracting system?

iv. How do provider agencies see and manage their role in the CFA Services Planning process?

v. How do provider agencies and CFA see the CFA Services Planning process working, and how does it fit with their relationships with each other within the purchaser/provider framework?

Relationships between the Providers and the Purchaser

In common with other research in New Zealand, this study found that the most positive aspect of the relationship of the non-government agencies with CFA is the interpersonal relationship between agencies and their outreach workers. However, there are real limits to the effectiveness of this local relationship. There is a great deal of dissatisfaction with what the agencies see as an inadequate skill level on the part of outreach workers for the tasks for which they are responsible. The lack of discretionary power at a local level, noted by both agencies and CFA staff, also contributes to a lack of confidence in the outreach workers, such that when agencies experience any difficulties with the contracting system they tend to go over the outreach worker's head either direct to the national manager, or up the hierarchy until they get a satisfactory response.

In discussing the relationship at the level of the sector to the funding agency, CFSS managers for the most part use the language of the contract culture to judge the performance and role of CFA - discussing both administrative problems and the extent to which the contracts and the CFA performance meet commercial contract standards. The CFA staff discuss the quality of relationships between the sector and the team in an interpersonal sense, but also talk about the relationship using the contracting language. The ideal of a partnership may still be there for the agencies, and implicit in their criticism of the contracting process as imposed and unequal rather than mutually negotiated, but the criticism is framed within the terms of its conformity to good contract practice.

The outstanding feature in all CFSS managers' responses is the high level of

frustration they are currently expressing with the contracting regime, not in principle, but as it is being implemented. Other empirical studies in New Zealand and overseas have also found this (Bernstein, 1991; Consumer Feedback Report, 1993; NZCCSS, 1993; 1994; Leigh, 1994).

Relationships between the Provider Agencies

In their perceptions of their relationships with each other the CFSS managers are quite conscious of moving between two different sets of values. Ideals and language which were valued in the 1980s - community, partnership, co-operation and co-ordination - are still important, and still aspired to, but sometimes spoken of with nostalgia, as things which are passing. There is awareness of the reality of competition, some approval of it as an incentive to good performance, but on the whole a desire to avoid it or avoid being directed by it. The CFA staff from their perspective see competition clearly operating between providers, and with one notable exception, largely approve.

Agency Philosophies and the Language of the Contract Culture

The philosophies and values of the provider agencies and of the managers within them emphasise service to those in need, Christian service, commitment to children and families, spirituality, aroha, and holistic healing, and reflect idealistic concerns about social justice and equity. The philosophy of the purchasing agency is seen as business oriented. The individuals within CFA are clear about what the agency's philosophy and mission is, but vary in their own philosophies and values, some apparently having integrated the organisations philosophy into their own approach and always speaking in that language, others seeing the opportunity to use the system as a means of supporting the provision of services according to values much closer to those of the provider agencies. One isolated criticism comes from within CFA, it being seen as inadequate to provide effectively for appropriately holistic and empowering social services in the Maori community in particular, a criticism based in a political value system much more like the most 'radical reformist' of the providers.

Managers in the provider agencies, (and to a lesser extent staff in CFA) move between using the language and values of their service oriented philosophies and using the language and values of the contracting culture. There are organisational and administrative changes which these agencies are undergoing and which are happening primarily because they must happen, in order for the agencies to fit in

with the realities of the requirements of the funding system. Along with these changes comes a different language in which to talk about what they are doing, and that different language is drawn from a value system grounded in the world of business and economics. Values and concepts from the ideological frameworks of both the agencies' philosophies and the contracting culture are drawn on as required. There is no necessary contradiction between a commitment to service and giving, and a commitment to using good business principles to achieve this.

However, concerns about the details of the implementation of the contracting system have been so engrossing that in these interviews, and, more generally, in networking meetings and in the daily lives of managers in non-government agencies, that the commercial language and values of contracting have tended to dominate. As people use this language more and more in discourse about their work in the non-government social service arena, it is possible and even likely that the way we think about the voluntary sector and its contribution is undergoing a change in the direction of those values.

Ultimately, as the language of the contract culture becomes the language in which the voluntary sector and the government funder talk about the sector, it is possible that the particular contribution of the voluntary sector will become less clear and therefore less valued, and it will (may) become more difficult to distinguish what it provides that is different from what can be provided by the private for-profit sector for the outputs which the contracting system will purchase. At the moment, CFA has the specific purpose of purchasing services from non-government not-for-profit agencies ('community and iwi-based social and welfare services). There have been good arguments in favour of identifying the actual costs of providing particular units of service, in terms of cost effectiveness and accountability, and while it has been a challenge it has meant improvements in non-government agencies' recording and accounting systems.

However, the contracting system is one ideally suited to transfer to a private provider model. Unit costing does assume a private practice model, in which specific services, and only those, are provided. Non-government agencies have generally provided something much wider than can be described by a narrowly defined list of services. Staff in most non-government agencies spend time every week or every day engaging in activities which do not fall within the outputs for

which they are funded: answering telephone calls requesting help, advice and information which are not within their own agency's particular field but to which they may provide a helpful crisis response as well as an effective onward referral; engaging in community development activities with others in their networks because the need is seen to be there, and because of their wider commitment to addressing need; engaging in advocacy with the state at a local and national level not just on behalf of their own clients but in respect of wider social problems. None of these activities are easily described as units of service, they do not attract contract funding, and they are rarely undertaken by private for-profit practitioners. If they are discontinued, the total costs of running an agency, and therefore the unit cost of purchased outputs, may be able to be reduced, and the agency becomes more like a private practice. The contracting system enhances the private market's capacity to take over the voluntary sector. If the language of the contract culture becomes the primary language in which we discourse about the voluntary sector this will further enhance that capacity.

Social Policy Views - The Role of the State and the Voluntary Sector

The view from the non-government agencies is very close to the radical reformist policy view which, up to 1988, seemed to have some prospect of realisation in the policies of devolution and partnership. The managers in the three newer agencies are most radical in their pro-community provision, pro-100% funding position.

There is unanimous agreement between all participants in the research that social services are best provided by 'the community', but the whole range of varying values and ideological positions, are used to support this from market liberalism through welfare pluralism to radical reformism. None are really radically New Right - they all believe the state should be *funding* services, and there is general agreement that, at least for 'core services' purchased on behalf of the state, and for some respondents for all services purchased, 100% of unit costs should be paid.

The non-government agencies appear largely committed to the radical reformist viewpoint which characterised demands from the voluntary sector in the 1980s, particularly that section of the voluntary sector which was firmly located in local communities: resource the community and the community will do the best job, the state bureaucracies are distant, rigid and remote and therefore ineffective and

oppressive. But they are now, although slightly tentatively, envisaging the contracting system as a way of realising it those demands. Some present not quite so radical a view, more a welfare pluralist position: there is room for both the state and a whole range of non-government providers - we do it best, but we do not want to do it all, and either positively, the state should do some, or negatively, there is no reason why the state should not do some .

Most of the CFA staff draw on ideological frameworks which integrate quite well with the policy they are implementing, using elements of quite a strong market liberal approach and of a (rather minimal) welfare pluralist approach. The radical reformist approach is a minority view in the state agency.

In practice, in both government agency and provider agencies, each person takes aspects of ideologies as they fit and make sense to themselves in the situation at the time.

Community Needs Assessment and Services Planning

What CFA calls 'Services Planning' actually refers to a purchasing planning process which involves a needs assessment phase and a funding allocation stage. A thorough study is needed of the CFA role in assessing social service needs and planning for purchase of services in the light of that assessment, but was outside the scope of the research for this thesis. However, it was important to gather information from participants about their experience of and views on that aspect of the government purchasing system, since selecting which services to purchase and which agencies to purchase from forms a critical stage in the contracting system.

More than that, the question of *who decides* which services are to be provided is a critical ideological one. Under the previous funding systems agencies decided that there was a social need, based either on personal and anecdotal experience, or more rarely, on their own needs assessment exercise. A new agency set itself up with whatever seeding finance it could muster, or an existing agency set up a new service. After a year or so of operating on establishment funding or project funding, if it was able to demonstrate its client group and the worthiness of its programme, put together a good submission and lobby effectively, it could probably get some grant-in-aid funding. The explicit task of CFA is to purchase 'community and iwi-based social and welfare services on behalf of government'

(*National Services Plan,* 1994-95 p7). Government decides which services it will purchase. Non-government agencies which seek government funding must provide services within that specified range.

The radical reformist approach discussed in Chapter Four takes the view that 'the community' knows its own needs best, and how best to meet them. Along with this in the 1980s there were also repeated appeals, both from the voluntary sector and in government advice papers, for greater co-ordination between agencies and more effective assessment of need and planning of services (Social Advisory Council, 1986; Driver and Robinson, 1986). The managerialist rationale of the present government purchasing system is that government departments must only spend public money in the production of defined outputs which are directed towards the achievement of their outcomes required of the department by the government. Therefore, money cannot be used to purchase services which someone other than the department has decided is necessary; needs assessment and services planning becomes clearly the responsibility of the department.

When CFA commenced its contracting system it in fact continued to allocate funds in very similar amounts and proportions to the allocation under the previous system. The new system was overlaid on the old, by clothing the old system with the new language of the contract culture. Services funded under the new system were the same ones which had been in operation under the old, the need for which had been identified some time in the past by some one other than CFA.

Both CFA staff and non-government agency managers believe that it is a government role to ensure that a needs assessment is done. There is, however, confusion and lack of knowledge in the agencies about how the CFA process is meant to work and about how their participation in it affects funding outcomes, and a pervading cynicism about its value and a wariness of participating. While CFA staff are clearer about what the CFA process is and what it is designed to achieve, they are equally critical of the processes. There were suggestions from both the purchasing agency and the providers that the process could be improved by using an ouside expert organisation to do at least the needs assessment part of the process, and that a two or three year planning process would be more useful and appropriate.

While there is an implicit belief for most that there should be effective

participation by 'the community' including providers, referring agencies and consumers, none of those interviewed think the community is responsible for systematically identifying needs. The fact that the Services Planning process exists and is not trusted and is thought to be largely ineffective contributes to a relatively low level of public advocacy on behalf of social needs generally within the local community. All the agencies advocate actively with government departments at a case working level on behalf on their own clients, but more general social comment tends to be left to national bodies. There is no longitudinal or comparative research tracking the level of general social advocacy work done by agencies and relating this to government funding.[1]

The involvement of consumers in the needs assessment and purchase planning processes appear to be minimal. There are strong arguments in favour of seeking the input of provider agencies, in that they are significant stakeholders in the process. However, there is considerable role conflict for the agencies in that situation, who are aware that in helping CFA identify areas where more funds may be needed, they risk losing some of their own funding.

Applying the 'ladder of citizen participation' described in Chapter Three to the CFA Services Planning processes would see it placed somewhere within the third to fifth rung - placation, consultation and informing - all of which are described as providing only 'degrees of tokenism' in participation. There is a consultation, where opinions are gathered but they have unclear and possibly minimal effects on what happens in the funding allocation. The top three rungs of the ladder represent the kinds of involvement which Maori, the 'community' and some members of the voluntary sector in New Zealand were seeking in the 1980s and still seek now - citizen control, delegated power and partnership - all of which are described as providing degrees of citizen power (Croft and Beresford, 1992). They could also be described as providing degrees of devolution.

Needs assessment and services planning also relate to the role of the department in community development. An assessment of need and a plan for service purchase is an empty exercise if there is no body with the task of developing

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[1] I have observed that vocal public advocacy locally often comes from agencies with least government funding eg Foodbanks - which the Department of Social welfare will not fund - and community welfare services which get a much lower level of funding than CFSS.

service where there are gaps. The minimal state aspect of economic liberalism, as well as a rigid interpretation of the purchaser/provider split, seem to be operating in the CFA policy that it will not engage in community development. The wording of the Children Young persons and Their Families Act 1989 would certainly allow for this (s.4.a &g; s.7.b) as would CFA's own statement of Vision (*National Services Plan,* 1994-95 p7).

Only the CFA managers interviewed think there should not be a role of some kind for CFA in community development, one because of a strong commitment to fairness principles of the purchaser/provider split, the other favouring expansion by major national providers. Others all believe that it is unrealistic to expect 'the community' to produce groups willing to pick up and develop new services in response to identified needs,[2] and that the services most needed are for groups within the society least likely to have a pool of suitably skilled people ready to provide services for them. While the Department of Internal Affairs does a certain amount of community development, primarily in the form of agency development - providing advice to agencies about funding sources and organisational issues - there is no public agency engaging in planned, systematic and consistent community development.

Puao-te-Ata-tu and Cultural Appropriateness

The lack of community development work by CFA highlights a significant conflict between the purely economic values of the contracting system and the stated ideological commitment of CFA to Puao-te-Ata-tu and to ensuring that 'New Zealanders have access to culturally appropriate social and welfare services' (NZCFA 1995). If the operation of market type relations were the only consideration the contracting system would probably favour increasing provision by larger organisations with established bureacracies and management skills, with a diverse funding base and a level of independent funds which would allow them to undertake the lengthy planning and developmental work which goes in to the establishment of a new service. From my research it appears that Maori services and Pacific Island services survive largely because they depend on a pool of voluntary labour and on personal financial contributions by staff, management and committee members. If the commitment to Puao-te-Ata-tu and to culturally appropriate services is to be realised effectively the issue of community

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2 I am aware, for instance, of needs for services which have been identified in another CFA area for three years running but which are still not being provided.

development and who is responsible for it needs to be addressed.

II. SUGGESTIONS BASED ON THIS RESEARCH

FURTHER RESEARCH

This research studied a very small sample of agencies, which places limits on any generalisation to be made from it. However, it suggests a number of further research areas which could add to our understanding of government contracting for social services.

1. Government contracting for social service, and the further development of this, the purchase of outputs of service by unit cost, are still very new in New Zealand. It would be useful if a longitudinal study were initiated with a range of agencies to trace the development of their responses to the system. Alternatively, a detailed history of one or two agencies' experiences over time with the developing funding system would be useful. Only over time will it be possible to establish whether this new system does have the effect of altering the nature of the voluntary sector and its value base, and to establish whether the process difficulties experienced so far will diminish with further efforts to improve the processes.

2. It would be particularly useful for studies to be undertaken with the iwi social services which will be increasingly established over the next several years, tracking resourcing issues and autonomy issues, and examining the extent to which the government funding system is genuinely able to be used by Maori as a means to empowerment and self-determination, and the extent to which it can provide a vehicle for the realisation of the recommendations of *Puao-te-Ata-tu* and the policy directives of *Te Punga*.

3. A number of agencies providing services to children and families have closed down since changes in the funding system started in 1990. If the information can be accessed, research on those agencies which have not survived the changes in funding system would provide valuable information on what the survival factors are.

4. Very little is known about the effects on clients of the use of non-

government agencies to deliver services on behalf of government, on whether there are any differences in the kind or quality of service they receive from government and non-government agencies or from private practitioners, or on their preference for one type of provider or another. This information may be difficult to access, but assertions are made about who provides the best services as part of the rationale for policies, and it would be well to know what the consumer perspective is.

5. There has been some limited work done overseas asking managers in direct government provider agencies how they decide which services to provide themselves and which to buy in, whether by annual contract or by fee-for-service. Much of the service provided to clients of the Children and Young Persons Service following care and protection investigations is provided by private practitioners and non-government agencies, but this varies across the country, with more being directly provided in some areas than in others. Research on how the decision is made by CYPS managers and social workers about who to use, and what their experiences and preferences are of the different kinds of providers would provide more information on the directions social services are moving in, and would provide information which non-government agencies could use in their planning.

6. Research for this thesis has indicated a high level of confusion, cynicism and distrust about the annual CFA Services Planning processes. A research evaluation of these processes would be a first step to establishing a system with more integrity and usefulness.

POLICY RECOMMENDATIONS

Within the limitations of the research relating to the size of the study sample, the following policy recommendations are made:

1. Services Planning

That CFA commission an external review of the Services Planning processes by consultants knowledgeable in social research (not solely in economic or financial research) with a view to developing more credible and effective processes, including considerations of genuine consumer input and the possibility of a core three to five year Services Plan.

2.   Services purchased on behalf of CYPS

That CFA introduce the payment of 100% of true unit costs for those services which are purchased on behalf of the Children and Young Persons Service to serve their clients.

3.   Funding of newer agencies

That CFA recognise the particular financial difficulties faced by newer, stand alone agencies without the cashflow support of a large established organisation and without independent income, recognise also that these are likely to be the very agencies which their social policy requires them to encourage, and address these difficulties by initiating funding strategies such as contingency funding and capital expenditure assistance.

4.   Contract Period

That CFA proceed with developing strategies whereby three to five year contracts can be signed with agencies to provide essential, core services to an established bench mark level.

5.   Mutuality in the Contracting Processes

That CFA introduce more flexibility, mutuality and negotiation into its contracting system, allow for more local discretion, increase local skill levels and allow for more professional social work input into the development of their contracting and reporting requirements, in order to address the pervading cynicism and lack of confidence in the organisation on the part of non-government agencies.

III. CONCLUSION

The conclusions suggested by this research are two-fold:

1.   While there were a number of influences leading up to the introduction of the twin policies of contracting as a means of government transferring funding to the voluntary sector and increasing reliance on service provision by the voluntary sector, and while there is support for the policies from non-government agencies, the outcome is that radically new ways of thinking about the relationship of the voluntary sector and the state have been introduced, in which they are conceptualised as purchasers and providers of government

defined services, rather than as serving the needs of the community in partnership with each other.

2.   In their introduction the policies gained support on ideological grounds drawn from two major social policy positions: from economic liberalism with its goal of minimising the role of the state and maximising personal responsibility and personal freedom, and from radical reformism which seeks to empower communities and enhance their self-determination. A major impact of the changes has been in fact to increase the level of control of the state over the voluntary sector, a contradiction of the goals of both positions. It is suggested that the smaller and more locally-based the organisation the more vulnerable it is to this control once it has entered the contracting system, because the more dependent it is on continuing government funding.

The purchase of social services by government from the voluntary sector by contract has become increasingly common in western welfare states over the last twenty years. It has become established as a practice in New Zealand in the last five years, both as a way of transferring direct service from government departments to the voluntary sector and as a way of regularising the financial contribution government had been making to the voluntary sector for many years in the form of grant-in-aid funding.

I have traced a number of influences in the policy environment in New Zealand from the 1980s which meant that there was a broad based support for the introduction of the contracting system, drawn from a variety of very different ideological and interest group positions. Changes in the legislation governing the activities of the Department of Social Welfare and the restructuring of the department into purchaser and provider units provided the structure within which the contracting system has been developed.

The reforms both in New Zealand and overseas have been accompanied by debates about their value and desirability, and about their impact both on the voluntary sector and on the nature of the welfare state. I have discussed the growing literature on the subject, which has suggested that there are a number of implementation and process difficulties. Some suggest that these are merely practical problems which can be addressed with technical solutions drawn largely from organisational economics. Others maintain that there are ongoing

contradictions involved in applying commercial practice to social service provision, that the purchase of social service involves a complexity of human issues that make it inherently different from the purchase of production goods, and that policy makers need to look more widely to a multi-disciplinary and experiential approach so that the new systems do not create more difficulties than they overcome.

At a wider level than implementation and process issues, it has been suggested that the contracting system is changing the role of the voluntary sector and the nature of the welfare state so that the voluntary sector has lost its autonomy and independence, becoming an instrument of government policy, agent of the state, interpreter of government to the consumers of services, a form of 'third party government', and that the contract culture is changing the way we think about government and the voluntary sector.

The research reported here indicates that participants in the contracting system, however, including those in the voluntary sector and those implementing the policy in the government purchasing body, want to stay with the contracting system. They have many criticisms of the details of implementation, but the advantages of more dependable income, a clearer basis for applying for funding and fairer, more transparent allocation of funds mean that all prefer it to other systems they have experienced.

There is strong evidence to suggest, however, that survival in this funding environment depends very largely on access to independent sources of funds, and in the absence of these, on the back-up of volunteers and the personal altruism of staff and committees. A serious contradiction exists between the stated commitment of CFA to fund Maori social services and culturally appropriate service and the fact that these are the agencies most likely to struggle to survive in the contracting environment.

The research also indicates that agencies in the voluntary sector are highly committed to their own ideologies and missions as a basis for their service provision and their own management decisions, and are adamant about their own continuing autonomy. However, because their time and energy is so much taken up with the details of the contracting system, the language of the contract culture has become part of their everyday conversation, and one of the value systems

they are operating within. A challenge for the non-government agencies is whether they can sustain the larger vision of their own value systems and not allow their vision to become narrowed to what is required under the terms of the contract culture.

APPENDIX ONE

SCHEDULE OF QUESTION AREAS TO GUIDE SEMI-STRUCTURED INTERVIEWS

I. INTERVIEWS OF MANAGERS IN PROVIDER AGENCIES

II. INTERVIEWS OF CFA STAFF

I. INTERVIEWS OF MANAGERS IN PROVIDER AGENCIES

1. WARM UP - NATURE OF THE SERVICE

I'd like first to ask you some questions about your organisation so I know a bit more about it.

What age groups are catered for?

Are the services foster, family home, youth residence, other care?

Are there any other services are provided under CFSS status?

Are other services provided by the agency which are funded by CFA? What are these?

Can you outline briefly the legal status and management structure of your agency? Incorporated Society? Trust? Management Committee? What kinds of decisions are made by the manager and which need the Committee, Board etc.

2. BACKGROUND HISTORY OF THE AGENCY AS A CHILD AND FAMILY SUPPORT SERVICE UNDER THE CYP&F ACT 1989.

Would you outline for me the process by which your agency came to be operating as a CFSS?

How was the decision made to set up as a CFSS, who made that decision?

What role did CYPS, CFA (or previously DSW) have in the decision to set up?

Did any other group have a role (eg Iwi, cultural organisation, church etc)

What were the reasons for deciding to provide this particular social service rather than any other which might have been considered necessary in your area or community?

3. THE VOLUME/SIZE OF THE SERVICE

How many staff employed? Any volunteers/unpaid staff?

What are the positions?

How many client families? children? were provided with care services in the past year?

Has volume increased over the time the service has been operating? decreased? Any other changes?

4.   ADMINISTRATIVE RESPONSES TO CFA REQUIREMENTS

How do you decide what your service should be like and what you should provide? Who makes these decisions in your agency?
Does your understanding of CFA and its requirements and the basis on which it provides funding affect these decisions? How is this?
Do you think that you are providing a different service from what you would have chosen to provide under a different kind of funding system?
Can you please think about these questions both in relation to your history with CFA as well as in relation to the current changing in the detatils of the funding system for CFSS.
How would it be for your agency if CFA stopped funding this service or cut back on funding?

Are there specific changes which are happening in your relationship with CFA at the moment which relate to this year's changes?
Can you tell me if you have made specific changes to the kinds of services you provide in order to fit in with the services which CFA wants to purchase? What kinds of changes?
Are there any services you are not providing because the current CFA system will not purchase them? Are there other services you would provide if you could get CFA funding for them?

Are there any administrative difficulties you have experienced which you would say are related to the CFA funding system? Would you say these are extra or just different from administrative difficulties you might experience whatever the funding system?

Which would you prefer, a bulk grant type of funding system such as existed in the 1980s and under the Community Services Teams or the present contracting system? Have you changed your mind about this over the past few years?

Do you have any ideas about which kinds of agencies find it easier to survive under the current funding system? What do you think makes the difference?
Do you know whether CFA has a policy is in regard to which kinds of agency they want to support? Do you think this fits with which agencies do in fact survive best?

5.   VIEWS ON POLICY, VALUE SYSTEMS AND IDEOLOGIES

Can you tell me about the philosophy/kaupapa of your organisation? Why are you doing this work?

Can you tell me what your views are on what responsibilities the government and the non-government agencies have in providing social services in general and for children and families in particular? Who do you think should be doing the work? Where do you think the funding should come from?

What do you think are the advantages and disadvantages of the government or the non-government agencies providing this kind of services you are providing?

What is your understanding of the reasons or philosophy behind the setting up of CFA and its current funding methods? Do you think this has changed over the years?

Do you have any thoughts on the philosophy behind the setting up/ knowledge of policy reasons for the purchaser and the provider of services to be separate? What are your views on fit of the policy with the provision of services for families/children at risk?
Do the same principles apply across all kinds of social services?

How would you decide whether and which services should be fully provided by government, which partially by government and partially by non-government agencies, which fully by non-government agencies. What are your reasons?
Should any services provided by non-government agencies be fully funded? partially funded? not funded at all?
How should the decisions be made on these issues and who should make them? Reasons?

6.   RELATIONSHIPS WITH OTHER PROVIDERS

What do you think should be the relationship between the various non-government agencies who are doing similar work to yours?
Do you feel that you are competing for funds with each other or mainly co-

operating? Do you think that this a good thing or a bad thing?

Do you think this is different from the way things were under previous funding systems? Is the present system better or worse when it comes to affecting the way you relate to other non-government agencies? If you feel you are competing for funds does this affect the way you manage your relationships with each other ?

Are there some agencies with which it is generally easier to work under the present system? How do they differ from agencies which it is difficult to work? What makes the difference?

7.   SERVICES PLANNING

What do you think about the CFA Services Planning process?

What do you think about your ability to advise CFA on what services should be provided in the community? How do you think that your input is taken into consideration in decisions made by CFA?

What is your understanding about how new services can be funded by CFA? Does this affect you in what you say to CFA about gaps in service that you know about?

In general, how do you think that the Services Planning process fits with other aspects of the relationship between you as a provider and CFA as a purchaser of your services?

Do you think that there are other or better methods that CFA could use to find out what is needed in the community? How do you think this could be done?

8.   THE RELATIONSHIP BETWEEN CFA AND THE PROVIDER AGENCIES

How would you describe the nature of the relationship between CFA and the CFSS agencies, in South Auckland particularly?

What is the CFA role in this relationship? What should it be?

What is the role of the provider agencies? What should it be?

What are the areas in which the relationship is working well from your point of view? How is this?

What are the areas which are not working well? What is the problem in your view? How could these areas of difficulty be improved? What would need to happen?

Do you think CFA deals equitably and fairly with all the provider agencies?

Do you think there is anything else I should know that I haven't asked about?

II. INTERVIEWS OF CFA STAFF

1. WARM UP

How did you come to be working for CFA? What was your background before this?

Can you tell me how you see the role and function of the Community Funding Agency?

2. VIEWS ON POLICY, VALUE SYSTEMS AND IDEOLOGY

I would like to ask you some questions about values and beliefs as they relate to CFA and non government social services - both your own views and the organisation's approach. If you think these have changed over the years can you let me know that as we go?

What is your understanding of the reasons or philosophy behind the setting up of CFA and its current funding methods? Do you think this has changed over the years?

What are your views on what responsibilities the government and the non-government agencies have in providing social services generally and for children and families in particular?

Who should be doing the work? Where do you think the funding should come from?

Do you have any thoughts on the philosophy behind the setting up/ knowledge of policy reasons for the purchaser and the provider of services to be separate?

What are your views on fit of the policy with the provision of services for families/children at risk?

Do the same principles apply across all kinds of social services?

How would you decide whether and which services should be fully provided by government, which partially by government and partially by non-government agencies, which fully by non-government agencies. What are your reasons?

Should any services provided by non-government agencies be fully funded? partially funded? not funded at all?

How should the decisions be made on these issues? Reasons?

3. INTERAGENCY RELATIONSHIPS

How do you see the relationships between the CFSS?

Are they complementary to each other or in competition with each other?

Ideal and reality? Advantages or disadvantages ?

4. SERVICES PLANNING

What do you think about the CFA Services Planning process? How do you think the CFA would be best advised on what services should be provided in the community?

What do you think that the role of provider agencies is in Services Planning? How is it taken into consideration in decisions made by CFA? What about your input?

How do you think CFA can best balance its need for advice from agencies with the limits on its funding?

Does CFA give any message about whether funding for new services is possible?

Do you think this affects what agencies say to CFA about gaps in services?

In general, how do you think that the Services Planning process fits with other aspects of the relationship between CFA as a purchaser of services and the agencies as providers?

Do you think that there are any other or better methods that CFA could use to find out what is needed in the community? How do you think this could be done?

5. ADMINISTRATIVE ISSUES AND CFA REQUIREMENTS

Who do you think should be deciding which services are provided within an agency - CFA or the providers? Or?

What do you think should be the principles followed by CFA in its funding policy and practice?

Do you think agencies should be prepared to make changes to the kinds of services they provide in order to fit in with the services which CFA wants to purchase? Do you think there are any effects on agencies of CFA decisions to

fund services or not to?

Which would you prefer, a bulk grant type of funding system such as existed in the 1980s and under the Community Services Teams and in the early CFA period or the present contracting system? Have you changed your mind about this over the past few years? What system do you think is best? Why is that?

Do you have any ideas about which kinds of agencies find it easier to survive under the current funding system? What do you think makes the difference?

What is your policy / what is CFA policy in regard to which kinds of agency should be encouraged and supported? Do you think this fits with which agencies do in fact survive best?

6.   RELATIONSHIP OF CFA WITH PROVIDER AGENCIES

How would you describe the nature of the relationship between CFA and the CFSS agencies?

What is the CFA role in this relationship? What should it be?

What is the role of the provider agencies? What should it be?

What are the areas in which the relationship is working well from your point of view? How is this?

What are the areas which are not working well? What is the problem in your view? How could these areas of difficulty be improved? What would need to happen?

Are there some agencies with which it is generally easier to work under the present system? How do they differ from agencies with which it is difficult to work? What makes the difference?

Do you think CFA deals equitably and fairly with all the provider agencies?

Is there anything else you think I ought to know that I haven't asked you?

APPENDIX TWO

PARTICIPANT CONSENT

I.   **LETTER OF INFORMATION TO PARTICIPANTS**

II.   **PARTICIPANT CONSENT FORMS**

FACULTY OF SOCIAL SCIENCES
DEPARTMENT OF SOCIAL POLICY & SOCIAL WORK

Dear

RESEARCH PROJECT FOR MASTERS OF SOCIAL WORK THESIS:
OUTLINE OF NATURE AND PURPOSE OF RESEARCH PROJECT

I am engaged in research for a Master of Social Work thesis for Massey University in which I aim to study the relationships between non-government social service organisations and the Community Funding Agency, and the implications of these relationships for the provision of services to children and families under stress. My thesis supervisors are Dr. Michael Belgrave and Dr. Marilyn Waring, both on the staff of the Department of Social Policy and Social Work at Massey University, Albany campus.

I will be gathering information on the responses of five Child and Family Support Services in South Auckland to the policy and practice of CFA, and on the effects these have had on the agencies and on the services they provide to children and families.

Data will also be gathered from CFA on their policies, their local practice, their services planning processes, and the way they see the relationship of their agencies with the non-government agencies whom they contract and fund for service provision.

Because of the small scale of the research and the knowledge agencies already have of each other through networking, it is hard to guarantee total anonymity for participating agencies and individuals. However, the information I gather will be protected and kept as confidential as possible. Interviews will be taped, then transcribed and coded in such a way that individuals and agencies will not be identifiable. Tapes and transcripts will be kept in a locked room at my home. Transcripts on computer will be protected by password. In the writing up of the research, individuals and provider agencies will not be named unless all wish this to be done and give explicit permission, and the information will be presented as much as possible in summary form. The specific geographical area in which the study is undertaken will not be identified. When the research is complete and the thesis has been marked, participants will be offered their own taped interviews back. If they do not wish to have them the tapes will be erased.

Participants have the right to decline to participate or to withdraw at any time. Some feedback on findings will be given to participants during the writing up period, participants will be given the opportunity to correct any misinformation and to request deletion of any material they feel breaches confidentiality. They will be provided with summaries of the results when the research is completed and the thesis has been marked, and a copy of the thesis will be made available to them if they wish it.

I will be using a semi-structured interview method so I do not use a questionnaire with a standard set of questions for everyone. However, so that you have a more detailed idea of the kinds of information I am interested in talking to you about, I have included two pages which expand on the major research question.

I anticipate that the time commitment would involve two interviews of two hours each, which I hope to complete between September and December this year, with one follow-up interview early in 1995.

Agencies I am approaching have been chosen in such a way that I hope to have a spread of different types of agency. This research will involve my gathering information from participants from cultures different from my own and I acknowledge that the information will pass through my own cultural filter. However, my aim is that the method I am using will allow participants to define and convey information in ways that are significant and meaningful for

themselves.

Finally, I will not be seeking any actual figures relating to the financial affairs of provider agencies, except what participants wish to provide to me, and what is publicly available from CFA. It is the experience of the relationship between the provider agencies and the funder agency which is the focus of my research.

Yours sincerely

JOY FLORENCE

ALBANY

FACULTY OF SOCIAL SCIENCES
DEPARTMENT OF SOCIAL POLICY & SOCIAL WORK

INFORMED CONSENT FORM

for participants in MSW Research project by Joy Florence 1994-5

I have read an outline of the nature and purpose of this research project, and have had it explained to me verbally. I believe that I have sufficient information to enable me to give informed consent to being interviewed as a participant in the research. I understand that my confidentiality will be protected as much as is possible, that I do not have to answer all the questions in the interview, and that I can withdraw at any time.

I give my consent to be interviewed. I agree/do not agree to the interviews being audio taped.

Signed..

Name...

Date..

INFORMED CONSENT FORM

for participant agencies in MSW Research project by Joy Florence 1994-5

I/we have read an outline of the nature and purpose of this research project. I/We understand that the confidentiality of our agency will be protected as much as is possible, and that we can withdraw at any time. Consent is given for staff members of our agency to be interviewed as requested.

Signed...................................... ....

Name(s)................................... ....

Date... ....

Position(s)............................... ....

Agency..................................... ....

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