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The Impact of Neoliberalism on Church-related Welfare Agencies: Possibilities and Limits of Resistance

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Introduction

Neoliberalism has become something of a catchall term for an ideology and policy stance that has been particularly influential across Australia, Canada, New Zealand, the United Kingdom, and the United States over the past two decades.¹ The policies implemented under that label have differed to some degree in their ideological purity between countries and over time. The discrepancy between the policies advocated by neoliberal think-tanks in their theoretical purity, and the policies as implemented by government points to the political and institutional constraints.² There was however, a common focus on reducing the role of government, deregulating markets, empowering the individual and encouraging the exercise of unfettered self-interest by economic agents.³ In Australia contracting has been a key policy tool in pursuit of these goals. What its impact on church-related agencies has been is an important question for the Christian church.

In this article I report some of the findings of my research into the impact on church-related agencies of contracting. I set the scene with accounts of the policy shift to contracting, developments in the power and reach of the state more generally, and the implications of these developments for the contracting relationship with church-related agencies. The narratives on the impact of contracting that I present in this article come from interviews with senior agency management in a wide range of church-related agencies, supplemented by information from annual reports and agency websites. The theoretical basis for the analysis draws on both organisational sociology and the sociology of religion.⁴

The first narrative concerns the Salvation Army's experience in providing offshore humanitarian services to Manus Island and Nauru in 2012. It provides an example of what happens when the state does not act within a neoliberal frame of reference in its contracting relationship. In contrast to this are two episodes in which church-related agencies cooperated in pushing back against the neoliberal agenda. I summarise evidence of neoliberalism causing agencies to lose focus on their mission, a phenomena described in the research literature as 'mission drift'. Tactics of resistance to the pressures of contracting also receive

¹ Originally economic reform in the 1990s in Australia went under a variety of labels including economic rationalism, 'managerialism', and the 'New Public Management' (NPM). The term 'neoliberalism' is now standard in public debate. Bryan Evans, Ted Richmond, and John Shields, "Structuring Neoliberal Governance: The Nonprofit Sector, Emerging New Modes of Control and the Marketisation of Service Delivery," *Policy and Society* 24, no. 1 (2005). For a critique of how neoliberalism has failed as a reform agenda across a wide range of policy areas see Damien Cahill and Phillip Toner, eds., *Wrong Way: How Privatisation & Economic Reform Backfired* (Carlton, Vic: LaTrobe University Press, 2018).

² Richard Denniss, "Dead Right: How Neoliberalism Ate Itself and What Comes Next," *Quarterly Essay*, no. 70 (2018). See also Damien Cahill, "Ideas-Centred Explanations of the Rise of Neoliberalism: A Critique," *Australian Journal of Political Science*, 48 (1), 71-84. For an earlier discussion on the Australian context see Elizabeth Eddy, "Neo-Liberalism and Political Inclusion," *Social Alternatives* 25, no. 2 (2006).

³ See Bernard Keane, *The Mess We're In: How Our Politics Went to Hell and Dragged Us with It* (Crows Nest, NSW: Allen & Unwin, 2018). Part 2, "Neoliberalism and its Discontents," 56-26; Damien Cahill & Philip Toner, "Introduction: Situating Privatisation and Economic Reform," in Cahill and Toner, eds., *Wrong Way*.

⁴ For a detailed account of the research methodology and the theoretical literature see Douglas Hynd, "On (Not) 'Becoming an Extension of the State' While 'Seeking the Flourishing of the City': A Theologically-Informed Inquiry into the Impact on 'Church-Related' Agencies of Contracting with Government to Provide Social Welfare and Human Services in Australia, 1996-2013." (Canberra, Australian Catholic University, 2017).

attention. I conclude by noting issues arising from these narratives that churches and agencies should consider in responding to and resisting the ongoing pressures of contracting.

Neoliberalism and contracting

Nunc Neoliberalism provided the ideological underpinning for the shift to contracting in Australia in the 1980s and 1990s. The Hawke Labor Government's focus on competition as part of its microeconomic reform agenda in the 1980s was extended in 1995 to the market provision of services. With the election of the Howard Government in 1996 competitive contracting for the delivery of Commonwealth services became official policy.⁵ This had a significant impact because the Commonwealth not only has a key role in funding social welfare, but at that stage also ran the Commonwealth Employment Services as a public service agency.⁶ As a result of this shift the productivity Commission estimated that by 2009 at least 50% by value of most human services were being delivered under contract by non-government agencies.⁷

The reach and character of the state in an era of contracting

Nunc ac nisi non eros congrue lobortis at nec odio. Before we consider the operation of contracting in more detail, we need to pay some attention to the nature of the contemporary state, as a key actor in implementing the neo-liberal agenda. According to McIntyre:

The state is a dangerous and unmanageable institution, presenting itself on the one hand as a bureaucratic supplier of goods and services, which is always about to, but never actually does, give its clients value for money, and on the other as a repository of sacred values, which from time to time invites one to lay down one's life on its behalf....⁸

This account of the state points to its dual character, as being both bureaucratic and sacred. In its bureaucratic operation, technological developments have enhanced its capacity to make its claims effective, in a way that is historically unprecedented.⁹ The state now routinely reaches deep into our individual lives to tax, conscript, deliver public health, and social welfare, as well as conducting intrusive electronic surveillance by police and security agencies. Its' reach may be beneficent to a degree, but it may also be socially and economically destructive.¹⁰ It may deliver services to the entire population though with

⁵ Katherine MacDermott, *Whatever Happened to Frank and Fearless? The Impact of New Public Management on the Australian Public* (Canberra, ACT: ANU E Press/ANZSOG, 2008), 107, http://epress.anu.edu.au/titles/australia-and-new-zealand-school-of-government-anzsog-2/frank_fearless_citation..

⁶ Kevin M. Brown, Susan Kenny, and Bryan S. Turner, *Rhetorics of Welfare: Uncertainty, Choice and Voluntary Associations* (Basingstoke, Hampshire: Macmillan Press Ltd, 2000), 88. Mark Considine, *Enterprising States: The Public Management of Welfare to Work* (Melbourne, Victoria: Cambridge University Press, 2001).

⁷ Australian Government, Productivity Commission. *Contribution of the Not-for-Profit Sector: Productivity Commission Research Report, 2010*. (Canberra, ACT), <http://www.pc.gov.au/inquiries/completed/not-for-profit/report/not-for-profit-report.pdf>. Appendix D, D.1.

⁸ Alasdair MacIntyre, "A Partial Response to my Critics" in *After MacIntyre: Critical Perspectives on the Work of Alasdair MacIntyre*, ed. John Horton and Susan Mendus (Notre Dame, IN: University of Notre Dame Press, 1994), 303.

⁹ On the historical background to the emergence of the contemporary state see Charles Tilly, *Coercion, Capital and European States, Ad 990-1992*, Revised paperback edition ed. (Oxford, UK: Blackwell 1992); James C. Scott, *The Art of Not Being Governed: An Anarchist History of Upland Southeast Asia*, Yale Agrarian Studies Series (New Haven, Connecticut: Yale University Press, 2009).

¹⁰ James C. Scott, *Seeing Like a State: How Certain Schemes to Improve the Human Condition Have Failed* (New Haven, Connecticut: Yale University Press, 1999).

variable levels of equity and effectiveness. It may also encourage some forms of civic virtue and human flourishing, though the poorest and most marginal are frequently occluded from view.

In respect to the state's sacral character, at the heart of the sacred is sovereignty, the power and authority within a specified territory that reaches to matters of life and death, inclusion and exclusion. Through the vehicle of nationalism, and nurtured by the liturgies of civil religion, the state has taken on a manifestly sacred character, and places itself beyond challenge.¹¹

Contracting with the state in sacral mode

Discussion on contracting with government has tended to take for granted that non-government organisations are engaging with a rational and therefore 'secular' bureaucracy. But what if the state is operating in a sacral mode in which its actions are not driven by bureaucratic rationality but by the justification of doing what is necessary for its survival and integrity? The Salvation Army's experience in contracting with the Australian government for the provision of offshore refugee services illustrates what can happen where neoliberal norms are not the driving force.

In late 2012 the Australian Government contracted with the Salvation Army for the provision of welfare and support services for asylum seekers in Manus Island and Nauru detention centres.¹² Following the announcement of the government's intention to recommence offshore processing of asylum seekers, the Army approached the government to provide these services despite the Army's opposition to government policy. The contract was not the subject of a tender process, but was negotiated directly between the Army and the government.

The Army stated that it was committed to providing care for asylum seekers in the detention centres regardless of politics or popularity, because it judged that it could deliver a more humane outcome than would otherwise be the case.¹³ Crucial to the dynamics of what happened to subvert this commitment is the fundamental logic of deterrence. The offshore detention centres were established to deter asylum seekers from travelling by boat to Australia under extremely dangerous conditions. People who arrived in

¹¹ Carolyn Marvin and David W. Ingle, *Blood, Sacrifice and the Nation: Totem Rituals and the American Flag*, ed. Jeffrey C. Alexander and Stephen Seidman, Cambridge Cultural Social Studies (Cambridge, UK: Cambridge University Press, 1999); William T. Cavanaugh, "The Liturgies of Church and State," in *Migrations of the Holy: God, State and the Political Meaning of the Church*, (Grand Rapids, Michigan: William B. Eerdmans Publishing Company, 2011) and "Killing for the Telephone Company: Why the Nation-State Is Not the Keeper of the Common Good," *Modern Theology* 20, no. 2 (2004).

¹² Australian Government, *Austender. Welfare and Support Services Nauru and Manus Regional Processing CN1240982-A1* (2013), <https://www.tenders.gov.au/?event=public.cn.view&CNUUID=61DF37A3-9159-3E43-FEF33673741E5376>. For a well-documented account of the process see Madeline Gleeson, *Offshore: Behind the Wire on Manus and Nauru* (Sydney, NSW: University of NSW Press, 2016), 12-100.

¹³ Salvation Army Australia, Eastern Territory. "Salvation Army Work with Refugees: Frequently Asked Questions," news release, 2012, <https://salvos.org.au/about-us/our-story/our-australian-work/hms/faqs/> - one. Salvation Army Statement on Involvement in Support to Asylum Seekers on Nauru and Manus Island, (2012), <http://www.salvationarmy.org.au/Global/News%20and%20Media/news/2012/final-asylum-seeker-statement-sep-2012.pdf>. Major Paul Moulds in evidence on "Migration Legislation Amendment (Regional Processing and Other Measures) Act 2012 and Related Bills and Instruments." Australia Parliamentary Joint Committee on Human Rights. Canberra, ACT: Hansard, 2012. For typical criticism of the Salvation Army see Bruce Haigh, "The Salvation Army Is a Branch of Government," *On Line Opinion: Australia's e-journal of social and political debate*, <http://www.onlineopinion.com.au/view.asp?article=15013http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;db=COMMITTEES;id=committees%2Fcommjnt%2F46787736-005b-46df-94f5-4a707fa02cdb%2F0008;query=Id%3A%22committees%2Fcommjnt%2F46787736-005b-46df-94f5-4a707fa02cdb%2F0008%22>.

Australia on these boats were subject to intentionally cruel conditions that have subsequently taken on an apparently indefinite character. Five years later, at the time of writing this article, some hundreds of people are still in offshore detention.

The perception spread by successive governments that asylum seekers represented a threat to the integrity of the state was interpreted as a challenge to what is most “sacred, the security of the Australian state and the integrity of its borders”. The humanity of asylum seekers in detention was ignored, and increasingly trashed by the government who ensured that their faces and the conditions under which they were being held was kept from public view. There was a wide gap, revealed by official reports ignored by governments, between the official rhetoric of providing appropriate facilities and care for asylum seekers and the reality of detention as abuse and oppression.

While committed to a humanitarian role in the detention system, the Army found it difficult to deliver on its humanitarian commitments. The situation was exacerbated by the impossibly tight time frame set by the then ALP Government for establishing the offshore centres. This caused substantial difficulties for the Army. Screening of workers for skills and maturity to deliver a humanitarian support program, along with provision of appropriate briefing and preparation, could not be achieved in the first round of placements.¹⁴ Under these circumstances the Salvation Army was unable to assert, in anything more than a fragmentary way, a practice of compassion and humanity. Subsequent whistleblowing by Army staff about conditions on Nauru was the subject of strong criticism by the Government and the Army’s contract was not renewed. The Army as an organisation suffered substantial reputational damage in the Australian community as a result of taking the contract despite its opposition to the policy.

The question as to whether the Army should have taken up the contract was hotly debated. The issues in that debate are echoed more recently by a doctor Nick Martin reflecting on his experience of providing medical services in offshore detention through an international firm. He thought initially that his involvement was justified but on reflection changed his mind.¹⁵ Reflecting on his experience as a Salvation Army worker on Nauru during the initial establishment of the centre, Mark Isaacs argued in contrast that staff employed by the Salvation Army showed great care for asylum seekers. They “implemented a wide range of programs that alleviated some of the mental pressure placed upon these people. This justified the need for a humanitarian organisation to act as a service provider within detention centres.”¹⁶

To the extent that their Salvation Army staff sought to conscientiously advocate for their clients they became identified with the asylum seekers in the detention centres. Demonising asylum seekers as the “repugnant other” showed the state operating in defense of that which it proclaimed to be sacred and this came the default position for security staff. The Army staff was regarded as the enemy by the security staff and was treated by them with the same disdain as they treated the asylum seekers.¹⁷ Many Army staff suffered from post-traumatic stress following work in the detention centres. The fraught character of the

¹⁴ Mark Isaacs, *The Undesirables* (Richmond, Victoria: Hardie Grant Books, 2014), 8. Major Paul Moulds, “No Sanction of Policy as Salvos Aid Asylum Seekers,” *Sydney Morning Herald*, December 24, 2012. <http://www.smh.com.au/federal-politics/no-sanction-of-policy-as-salvos-aid-asylum-seekers-20121223-2bttec.html>.

¹⁵ Nick Martin “As Doctors Working on Nauru We thought we Were Helping Now I know we were not” *The Guardian*, Thursday October 11, 2018. <https://www.theguardian.com/commentisfree/2018/oct/12/as-doctors-working-on-nauru- we-thought-we-were-helping-now-i-know-we-were-not> (Accessed October 14, 2018).

¹⁶ Mark Isaacs “The Salvos on Nauru,” <http://johnmenadue.com/blog/?p=1791>. Downloaded October 24, 2014. For a more detailed account see Mark Isaacs, *The Undesirables* (Richmond, Vic: Hardie Grant Books, 2014).

¹⁷ Mark Isaacs, *The Undesirables*. See also Madeline Gleeson, *Offshore: Behind the Wire on Manus and Nauru* (Sydney, NSW: University of NSW Press, 2016).

Salvation Army's contracting relationship with the Australian Government has been repeated in the experience of subsequent contractors for the provision of humanitarian services.¹⁸

The difficulties faced by contracting agencies carrying out their mission in offshore detention had little to do with the ideology of neoliberalism. The contracting process showed no evidence of concern with economic efficiency, effectiveness, or value for money. The Australian National Audit Office (ANAO) report on contract administration for offshore services, including humanitarian services, was scathing in its account of the failures of government departments to meet required contracting standards in just about every respect, while in some cases, there were no formal contracts.¹⁹ Tellingly there are few ANAO reports on contracting for other services that document anywhere near this level of bureaucratic failure. Asylum seeker policy was framed and implemented in an atmosphere of fabricated fear and panic with little concern for the neoliberal trademarks of efficiency and minimising cost.

An unanticipated outcome of contracting

Other than those discussed previously, the shift to contracting in most cases displayed the state operating in bureaucratic mode. It was anticipated that under these circumstances the neoliberal shift to contracting would lead to a reduction in advocacy, particularly in the welfare sector, which is frequently critical of government policy, no matter which party is in power.²⁰ The logic, in terms of the power relationship between the government, which has the power and the money, and a non-government agency, which usually has neither, is clear enough. The government was in a position through provisions in contracts to ensure that agencies did not criticise it.

However, systemic and institutional changes arising from increased government funds flowing through the church-related welfare sector saw new and unanticipated opportunities for advocacy emerge. This occurred at a sector level where the funds flowing into the sector and the increased need to deal with government saw an increase in the size and capability of church-related national welfare coordinating bodies.²¹ By 2005 the Anglican, Catholic and Uniting church welfare agencies all had offices in Canberra, with substantially upgraded research and communication capability. These bodies were funded largely from fees from member agencies and their denominational stakeholders. This development had unanticipated and interesting consequences for advocacy.

¹⁸ See Paul Ronalds' reflections on the experience of Save the Children as a contractor for offshore asylum seeker services where he argues in favour of the agency taking the contract despite the difficulties, "The Nauru Dilemma," DevPolicy Blog, ANU, December 15, 2016, <http://www.devpolicy.org/the-nauru-dilemma-20161215/> and Paul Ronalds, "The Nauru Dilemma," (December 12, 2016). Development Policy Centre Discussion Paper No. 51, <https://ssrn.com/abstract=2884419>. More recently the Medicine Sans Frontieres, who were forced to exit from Nauru as the refugee mental health provider, confirmed the situation of the refugees there as "beyond desperate". The withdrawal had to do with the politics arising from reporting of the reality on the ground, not from any contracting failure. See The Guardian, Wed October 10, 2018, <https://www.theguardian.com/world/2018/oct/10/msf-confirms-forced-exit-from-nauru-as-refugee-mental-health-beyond-desperate> (Consulted October 14, 2018).

¹⁹ Australian National Audit Office, "Offshore Processing Centres in Nauru and Papua New Guinea: Contract Management of Garrison Support and Welfare Services," Report 32 of 2016-2017, 17 January, 2017, <https://www.anao.gov.au/work/performance-audit/offshore-processing-centres-nauru-and-papua-new-guinea-contract-management> (Consulted October 14, 2018).

²⁰ The literature on this issue is substantial. For a discussion, which extends across a range of policy areas see Sarah Maddison and Clive Hamilton, *Silencing Dissent: How the Australian Government Is Controlling Public Opinion and Stifling Debate* (Crows Nest, NSW: Allen and Unwin, 2007).

²¹ Catholic Social Services Australia, Anglicare Australia and UnitingCare Australia, joined by the Salvation Army.

Boycotting the Financial Case Management Program

The Coalition government, in its 2006-07 Budget, introduced as part of its Welfare to Work policy a Financial Case Management Program (FCMP). The FCMP involved the government contracting welfare agencies to carry out financial management to support income support recipients who had been excluded from social security benefits for periods of up to eight weeks. This later action was commonly referred to as 'breaching'. The program, totaling \$17.1m in funding over five years, was to assist individuals to pay essential expenses where they had children or other vulnerable dependents or who were themselves considered exceptionally vulnerable. Centrelink would use the funding to contract non-government organisations to establish the level of assistance required.²² Following the lead of Catholic Social Services Australia (CSSA) the church peak bodies lead a boycott of this program that included most of their member agencies.²³ In addition to members of CSSA, members of Anglicare Australia and UnitingCare Australia, as well as the Salvation Army, Mission Australia and Hillsong were all involved in the boycott.²⁴ Church agencies didn't want to be seen as administrators and policemen of poor government policy because they thought being involved in "breaching" would compromise their capacity to serve some of the most vulnerable and marginalised Australians.

The Minister for Human Services accused the church agencies of pulling a "political stunt" and walking away from society's most vulnerable.²⁵ The Government had to shift the delivery of the program to Centrelink and was "quite cranky" about the whole episode. They had expected church agencies to accept the contracts without question. The then Chief Executive Officer (CEO) of CSSA observed:

it was something of an awakening of a sense of political power that goes with the strength of being a major provider ... it helped us to realise that it is in fact a complex interrelationship, and just as large organisations can start to become dependent on governments, governments can start to become dependent on large organisations.²⁶

In coming to this decision, the relationships mediated through the church-related peak welfare bodies underpinned an informal networking decision-making process that was driven by a shared-values commitment. The episode was the trigger for subsequent cooperative activity of church coordinating agencies leading to the emergence of the Major Church Providers (MCP) as a network arrangement based on trust and common interests. Through this framework Anglicare Australia, CSSA and UnitingCare Australia, along with the Salvation Army have subsequently cooperated in a range of policy research and advocacy activities.

²² Australian Government, Department of Employment and Workplace Relations, Financial Case Management Program, Budget 2006/07 http://budget.gov.au/2006-07/bp2/html/bp2_expense-06.htm.

²³ Adele Horin, "Welcome to the Breadline," Sydney Morning Herald, July 15, 2006; "Hillsong Thinks Again on Welfare," Sydney Morning Herald, 24 August 2006; "Tougher Dole Rules Alarm Charities," Sydney Morning Herald, June 5, 2006; Misha Schubert, "Salvation Army Boycotts Management by Charity," The Age, November 1, 2006; Stephanie Peatling, "Catholics Say No to Welfare Program," Sydney Morning Herald, August 18, 2006; "Church-State War over Welfare," Sydney Morning Herald, August 19, 2006; Sophie Morris, "Agency Quits Welfare Plan," Australian Financial Review, August 18, 2006; Patricia Karvelas, "Catholics Quit 'Immoral' Program," The Australian, August 18, 2006.

²⁴ "Church's Welfare-to-Work Pullout a Stunt: Hockey," ABC, August 18, 2006.

²⁵ "John Falzon: Christian Charity Organisations and the Federal Governments New Case Management Scheme." Interview by Stephen Crittenden. The Religion Report, ABC. (23 August 2006).

²⁶ Frank Quinlan (Former Executive Director, Catholic Social Services Australia). Interview with Douglas Hynd (Canberra, 18 November, 2013).

Policy advocacy has remained the focus of MCP, which “really arose out of an eagerness for those organisations... to express an identity that was unique, and that was linked to church.”²⁷ The informality, the personal, and church connections of the key actors was the strength of the MCP. While the friendships were important in enabling the network to begin functioning quickly, the shared trust and mutual understanding built up from that experience enabled the MCP to continue to operate, though perhaps at a lower level of intensity and effectiveness.

Advocacy is not always conducted as public criticism, as the MCP contribution to Australian Government policy making during the Global Financial Crisis (GFC) demonstrated. In November 2008 the MCP gathered representatives from member agencies involved in service delivery at Parliament House in Canberra to participate in a Summit on the Impact of the GFC on social services. The coordinating agencies prepared a report offering a number of recommendations to government²⁸ to encourage it to take specific measures to provide some protection for people who were less well off.²⁹ This advocacy was based on both on-the-ground information and moral claims for a substantive effective response, by leaders of agencies who had the authority to speak on behalf of their stakeholders in the churches.³⁰

The peak agencies drew on their connections with key stakeholders in the Christian churches and shared theological understanding and their policy consequences with other agencies. In a neoliberal era characterised by formal contracts shaped by asymmetry of power, the operation of MCP was based on trust, relationships of key figures in the agencies and their boards, and agreement on shared moral priorities across various Christian traditions. The entire response was in those terms profoundly countercultural.

Contracting with the state in its bureaucratic mode

“Isomorphism” is a sociological term that describes how mission drift takes place. A less powerful agency conforms to the culture and norms of a more powerful body with whom it has a relationship; which in this context takes the form of a contract. Non-government agencies are less powerful and become conformed to the bureaucratic culture of the government in the way they operate. Instead of embodying the values of compassion and concern for the poor that drove their initial establishment and operation, they focus on bureaucratic issues such as the reporting relationship to government and concern with ongoing funding. This mission drift is likely to manifest itself in reduction of agency advocacy, increased standardisation in service delivery, and secularization, expressed in a distancing of agencies from the church, and a squeezing out of distinctive commitments.³¹ The impact on agencies’ behaviour does not operate simply through the mechanism of their vulnerability to the pressure that comes from depending upon government funding. The other force is the cultural transformation driven by the requirements of the contract. In practice, contracting in Australia has certainly involved a process whereby agencies have been at risk of, or have actually become colonised by bureaucratic processes. This has occurred through increasingly tight

²⁷ Frank Quinlan interview, November 18, 2013.

²⁸ “Centacare Pullout Prompts Welfare-to-Work Criticism,” ABC 2006, <http://www.abc.net.au/news/2006-08-18/centacare-pullout-prompts-welfare-to-work-criticism/1241500>.

²⁹ Frank Quinlan interview, November 18, 2013.

³⁰ Lin Hatfield-Dodds (National Director, UnitingCare, Australia). Interview with Douglas Hynd (Canberra, February 6, 2014).

³¹ Paul J. DiMaggio and Walter W. Powell, “The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields,” in *The New Institutionalism in Organizational Theory*, ed. Walter W. Powell and Paul J. DiMaggio (Chicago, Illinois: University of Chicago Press, 1991).

specification of outcomes, processes, reporting requirements, and financial incentives to ensure rigid agency compliance with government policy. Employment services contracting, for example, tied up the staff so that they were spending up to 50% of their time in reporting. Contracting policy in this sector led not to innovative client centred services, but to highly standardized bureaucratized services, very similar to the government services that they were meant to replace.³²

Agency leaders acknowledged that contracting drove mission drift in their own, as well as other agencies they were familiar with, through importation of a culture whose demands drew management attention away from agency mission to reporting to government. The government could cancel contracts arbitrarily at short notice, delay decisions about contract renewal, set payments at levels below cost of providing services, and specify indexing provisions for funding that were less than the increase in the cost of services year on year. Actual cancellation of contracts by government for reasons other than an agency's failure in delivery of programs has been rare till relatively recently. In December 2014 some organisations with contracts with the Australian Government through until 2016 had funding cut with little warning.³³ What had been up till then a largely theoretical risk for agencies became a political risk for their boards to consider when entering into contracts with government.

At the individual agency level there was certainly evidence of a secularising trend with agencies losing connection with their ecclesial roots and founding theological commitments. This secularising trend was not uniform across agencies and differed in extent within and across the various denominations. Large agencies, in general, seemed to be relatively more resistant to secularising influences.³⁴

Tactics of resistance by individual agencies

Resistance by church-related agencies to neo-liberal policy has been discussed in the UK context, but little attention has been paid to the issue in Australia.³⁵ Different patterns of response by agencies to the pressures of contracting emerged within and across the various denominations in Australia. My own analysis showed that different combinations of tactics were being employed as a matter of board and leadership decision by agencies to resist the impact of contracting. In analysing resistance to the pressures arising from government contracting, I identified the 'tactics', of individual agencies,³⁶ that demonstrated

³² Mark Considine, "Governance and Competition: The Role of Non-Profit Organisations in the Delivery of Public Services," *Australian Journal of Political Science* 38, no. 1 (2003); Mark Considine, Jenny M. Lewis, and Siobhan O'Sullivan, "Quasi-Markets and Service Delivery Flexibility Following a Decade of Employment Assistance Reform in Australia," *Journal of Social Policy* 40, no. 4 (2011); Mark Considine, Siobhan O'Sullivan, and Phuc Nguyen, "Mission Drift? The Third Sector and the Pressure to Be Businesslike: Evidence from Job Services Australia," *Third Sector Review* 20, no. 1 (2014).

³³ Samantha Donovan, "Federal Government Cuts Funding for Housing Programs, Shocking Peak Bodies," ABC, <http://www.abc.net.au/news/2014-12-23/funding-cuts-to-housing-and-homelessness-programs/5984576>.

³⁴ Douglas Hynd, "On (Not) 'Becoming an Extension of the State' While 'Seeking the Flourishing of the City': A Theologically-Informed Inquiry into the Impact on 'Church-Related' Agencies of Contracting with Government to Provide Social Welfare and Human Services in Australia, 1996-2013." (Canberra, Australian Catholic University, 2017).

³⁵ Paul Cloke, Samuel Thomas, and Andrew Williams, "Faith in Action: Faith-Based Organizations, Welfare and Politics in the Contemporary City," in *Working Faith: Faith-Based Organizations and Urban Social Justice*, ed. Paul Cloke, Justin Beaumont, and Andrew Williams (Milton Keynes, UK: Paternoster, 2013).

³⁶ On the terminology of 'tactics' rather than 'strategies' see Michel de Certeau, *The Practice of Everyday Life*, trans. Steve Rendall (Berkeley, California: University of California Press, 1984), 34-39.

intentionality about maintaining their identity and mission.³⁷ These tactics, including consideration of difficulties of implementation and limitations on their effectiveness, are discussed below.

Funding Diversity and dependence

Diversification of funding to reduce dependence upon government was a high priority for agencies, though the difficulties of achieving this are substantial. One of the problems is the shift of giving by Australian donors from domestic to overseas charities starting in the 1980s. This was driven by two changes in government policy. The first was the granting of tax deductibility for overseas aid donations. The second was the government move to funding domestic welfare agencies through contracting. An attitude began to permeate through the community in general to the effect that social welfare agencies did not need donations from individuals and the community anymore, because welfare services were being paid for through their taxes. Efforts to build a donor culture by welfare agencies within Australia have subsequently become difficult.³⁸

Developing a capital base to provide an ongoing source of income is a possibility that is largely limited to major agencies in capital cities, particularly those with a long history and a large public profile.³⁹ The proportion of additional funding from independent sources required to maintain missional identity of an agency need not be large. UnitingCare West, for example, with annual turnover of \$25m, received \$1m per annum from the UCA to maintain its mission.⁴⁰ Four percent additional funding is not a large premium to help ensure the agency's missional focus is maintained.

While agencies have taken the path of developing social enterprises as a source of extra funds, committing the resources to achieve this is not easy, particularly for smaller agencies. Taking this path involves a substantial opportunity cost in both start-up capital and management effort, with relatively small rewards in the early years. The Brotherhood of St Laurence provides a leading example of a long term approach to diversifying sources of funding, generating a surplus from social enterprise of \$1.5m per annum.⁴¹

Minimising dependence on government contracts requires a strong and continuing stream of funding from businesses and the wider community. The Wayside Chapel in Sydney has intentionally taken this path, with government contracts comprising less than 20% of their revenue in 2012-13. They are able to rely so heavily on public donations and business support because they have a strong brand identity in the region and local community, a board connected to the local business community and a clearly articulated statement of mission.

Decision-making with a mission template

The disciplined application by an agency of a values/mission template to the contract decision-making process should ensure that the contracts it enters into meet its mission focus. Certainly, in the field of employment services some Catholic agencies did not tender for some programs because the agencies did not assess them as being consistent with their baseline in Catholic Social Teaching. In the early years of the

³⁷ Peter Frumkin and Alice Andre-Clark, "When Missions, Markets, and Politics Collide: Values and Strategy in the Nonprofit Human Services," *Nonprofit and Voluntary Sector Quarterly* 29, no. Suppl 1 (2000); James R. Vanderwoerd, "How Faith-Based Social Service Organizations Manage Secular Pressures Associated with Government Funding," *Nonprofit Management & Leadership* 14, no. 3 (2004).

³⁸ Rev. Lynn Arnold (Former CEO, AnglicareSA). Interview with Douglas Hynd (North Adelaide, March 31, 2014).

³⁹ Dr. Tony McMahon (Director Centacare Diocese of Townsville). Interview with Douglas Hynd (Townsville, May 2, 2014).

⁴⁰ Sue Ash (CEO UnitingCare West). Interview with Douglas Hynd (Perth, April 11, 2014).

⁴¹ Tony Nicolson (CEO Brotherhood of St Laurence). Interview with Douglas Hynd (Melbourne, February 21, 2014).

shift to contracting there was a general perception across the church-related sector that there had not been careful consideration by many agencies as to how well contracts fitted with their mission. It was agreed that there had been rush for cash by many agencies. The interviews suggested that there had subsequently been recognition of the problems that this had generated, and that boards and agency leadership had begun to shift towards a more careful consideration of alignment of contracts with their mission.

Research

A number of agencies had committed themselves to research directed at program level issues and community needs as a key element of their mission. The Brotherhood of St Laurence, for example, has leveraged over the past decade relatively small amounts of research funding from its own sources into substantial research activity through a partnership with the University of Melbourne.⁴² Anglicare Sydney, Anglicare Tasmania, Baptcare (the Baptist agency covering Victoria and Tasmania), and HammondCare have all made defined financial commitments to research,⁴³ placing themselves in a stronger position in dealing with government with regard to policy advocacy and program design and delivery.

Innovation

Research and evaluation are also closely linked to enabling innovation in program design and delivery. The Brotherhood of St Laurence for example has always tried to ensure that it has sufficient funding to enable them to invest in innovation and testing of new programs based on identification of community need. There is a significant connection between having funds available for research, a degree of independence and the possibilities for innovation. For example, an integrated service delivery was piloted by Anglicare Sydney in their Liverpool office, where they had brought together several services into a one-stop-shop. The services had differing funding sources, ranging from family support, through early intervention, emergency relief as well as a low interest loan scheme. This had required substantial investment in back office processing but had resulted in much more effective service for clients. A senior manager explained that if you identify an emerging need, and have your own funds, you could reshape how you do things now, rather than waiting years for approval from government.⁴⁴ In the case of HammondCare this commitment to research over a long period has led to an international reputation for its work with dementia care, and an ability to engage confidently with government on contracting issues from a position of expertise.

Linkages

Enhancing organisational security involves maintaining strong external links with philanthropic bodies, businesses, local churches, collaborative relationships with other service providers and actively participating in the relevant “peaks”. I have already documented the importance of national denominational coordinating bodies. Most of the church agencies have some intentional linkages to local parishes and congregations and are devoting resources to developing those connections.⁴⁵ The effectiveness of these diverse efforts has varied depending on the ability of agencies to engage local church communities and their leadership. For example, theological stances held by clergy on the relative

⁴² Ibid. Professor Paul Smyth, (University of Melbourne). Interview with Douglas Hynd (Melbourne, March 12, 2014).

⁴³ Grant Millard (CEO, Anglicare Sydney). Interview with Douglas Hynd (Parramatta, February 24, 2014).

⁴⁴ Phil Coller (Acting Director, Community Care, Anglicare Sydney). Interview with Douglas Hynd (Parramatta, February 24, 2014).

⁴⁵ Tony Nicolson, “The Future of the Community Welfare Sector,” Brotherhood of St Laurence, http://www.bsl.org.au/fileadmin/user_upload/files/speeches/Tony_Nicholson_speech_on_community_welfare_sector_27_May_2014.pdf.

importance of engagement by the local congregation in welfare projects as opposed to evangelism have presented a problem for Anglicare Sydney in some parishes.

Governance

The effectiveness of agency governance arrangements in supporting resistance to the pressures of contracting depends upon agency and stakeholder leadership. Catholic diocesan welfare agencies had a clear theological and governance structure within which questions of mission could and frequently seem to have been tested. How well this arrangement worked in maintaining missional identity also depended upon the leadership of the agency CEO, the level of interest and support of the Bishop and their mutual relationship in sharing the vision with the staff. In the Anglican context the governance structure of the Brotherhood of St Laurence, predating the contracting era, has proved relatively effective in maintaining a reflective process that tackles questions of mission within the agency. Among the other Anglican diocesan agencies intentional action by leadership in carrying the story of the agency was important to maintaining that alignment.

Without overlooking the significance of leadership, which has a role independent of governance structure, and which is discussed further below, differences in the Uniting Church of Australia governance structure between the various synods may either buffer, or amplify isomorphic pressures arising from contracting.⁴⁶ In the South Australian Synod of the Uniting Church agencies are incorporated individually under state legislation, creating an additional line of accountability to that arising from their relationship to the synod. This opens the door to amplification of pressures arising from contracting. In Western Australia, in contrast, incorporation of church agencies takes place under the Act that established the Uniting Church, which results in a clearer line of accountability between the church and its agencies.

Beyond the major denominational families, maintenance of strong ecclesial identity did not necessarily require an ongoing connection to a denomination or congregation. However, maintaining the connection to the Christian movement for agencies such as Mission Australia and Melbourne City Mission did require intentionality in the construction of governance arrangements for such agencies and their implementation over time by the Board and CEO. This intentionality in governance arrangements was clearly the case with regard to HammondCare.⁴⁷

In the face of pressures towards secularisation some agencies have intentionally and explicitly reaffirmed theological commitments to accounts of the person and community not encompassed in the utilitarian calculations and language of government contracts. Resistance along these lines was not uniformly associated with any specific theological stance or ecclesiology, though clarity about the mission and willingness to publically own it by the board or leadership taking the lead in owning, communicating and interpreting the founding story and/or charism of the agency was crucial.

Communicating Identity within agencies

Developing and delivering orientation programs for staff, management and board on the mission, identity and underpinning theological commitments of the agency had been undertaken by a variety of agencies in

⁴⁶ On the risks to Uniting Church agencies see: John Bottomley and Howard N. Wallace, "Risk Management in the New Heaven and the New Earth: Isaiah and Unitingcare Victoria and Tasmania's Corporate Governance Policy," *Uniting Church Studies* 13, no. 2 (2007); John Bottomley, "In, but Not of the World: A Report on Issues to Strengthen the Faith and Vocation of Unitingcare Chief Executive Officers, Boards and Agencies," (Melbourne, Vic: UnitngCare Victoria and Tasmania Commission for Mission, Synod of Victoria and Tasmania, 2008).

⁴⁷ Dr Stephen Judd (CEO, HammondCare). Interview with Douglas Hynd (Sydney, December 12, 2013).

response to isomorphic pressures. This was a critical issue, particularly given that there was now no guarantee that a majority of staff would be Christians, or would be familiar to any degree with the Christian tradition. Induction of staff was a key intervention point for this communication and agencies reported paying specific attention to making clear the Christian identity and mission of the agency.⁴⁸ Centacare Rockhampton undertook intervention in the ongoing life of the agency. The Executive Director pointed to the agency's practice of sharing ongoing reflection connecting Catholic teaching and scripture with the day-to-day activities of staff.⁴⁹ As part of a program of rebuilding the culture of the agency, Anglicare Sydney made a major investment in a program for management directed at building a shared understanding of mission and identity across the agency.⁵⁰

Policy on the recruitment of staff, and particularly with regard to the Christian commitment of senior management, was an increasingly important issue for agencies given the pluralism and increasing non-affiliation of Australians with the Christian churches. There were clearly differences of approach to this issue between agencies. The CEO of HammondCare, Stephen Judd, explained that he approached the issue from the question of people's alignment with the agency's identity and mission.⁵¹ Alignment is not necessarily a matter of being a Christian, but of being committed to the purpose of the organisation and being able to work within its Christian identity:

the words and deeds of Jesus is what inspires us ... and because of this we believe that all people are worthy of dignity and respect ... What I say in staff orientations is ... If you can't say that you believe that people are worthy of dignity and respect and the compassion, even if you don't agree with me on where it comes from, go and do something else.⁵²

A common element was the role of leadership in owning and communicating the identity and founding story of the agency. Rev. Cleary explained that as a leader you "have to be the narrator, you have to be the storyteller and you have to be able to speak to people where you're at".⁵³

Michael Yore, former CEO of Good Shepherd Youth and Family Services, emphasised the vital role of leaders carrying the story of an agency. They have to "have the capacity to tell the story in a way that is engaging, for young staff in particular who are totally disengaged from anything religious."⁵⁴ There is an inherent tension in seeking to maintain identity. It involves treading a fine line between "returning an organisation to a kind of defensiveness in the face of pluralism on the one hand, and the acceptance of assimilation by a secular society and the 'dumbing down' of organisational identity and mission."⁵⁵

For UnitingCare West Identity is maintained through the role of the mission development leader who is on the executive of the agency and whose role is more than a chaplain. They are also part of the governance

⁴⁸ Dr Stephen Judd (CEO HammondCare). Interview with Douglas Hynd (Sydney, December 12, 2013); Otto Henfling (CEO, Catholic Social Services, Parramatta Diocese). Interview with Douglas Hynd (Parramatta, January 29, 2014).

⁴⁹ Dr Ricki Jeffery (Director, Centacare, Rockhampton). Interview with Douglas Hynd (Yepoon, May 9, 2014).

⁵⁰ Phil Coller (Acting Director, Community Care, Anglicare Sydney). Interview with Douglas Hynd (Parramatta, February 24, 2014). Peter Kell (Former CEO, Anglicare Sydney). Interview with Douglas Hynd (Wollongong, March 5, 2014).

⁵¹ Dr Stephen Judd (CEO, HammondCare). Interview with Douglas Hynd (Sydney, December 12, 2013).

⁵² Ibid.

⁵³ Michael Yore (Former CEO, Good Shepherd Youth and Family Services). Interview with Douglas Hynd (East Melbourne, May 23, 2014).

⁵⁴ Ibid. See also Julie Edwards, "Sharing the Mission with the Whole Organisation," in *Learning and Leading: The Impact of Catholic Identity and Mission*, ed. Gabrielle McMullen and John Warhurst (Ballarat, Vic.: Connor Court Publishing, 2014).

⁵⁵ Sue Ash (CEO, UnitingCare West). Interview with Douglas Hynd (Perth, April 11, 2014).

and management of the organisation. The role includes "... connecting the agency to the church; connecting the church to the agency; and ensuring that there's a missional connection between the values and direction of the agency with the values and theology of the church."⁵⁶

Concluiuon

While there are very real pressures on church-related agencies to become an extension of the state through the neoliberal technology of contracting they have not proved totally irresistible to date. The challenges for agencies of contracting however are ongoing, and most have experienced some impact on their operation and their mission. Tactics of response by individual agencies to the state operating in its bureaucratic character require sustained commitment, as well as alertness to possibilities that emerge out of the pressure of events. The upgrading of the capacity of denominational welfare coordinating agencies, for example, opened up unanticipated possibilities for pushback against particular aspects of the neoliberal agenda at a particular moment. What was important in these episodes was that the practices that drove cooperation between agencies were antithetical to the calculating and legal culture of neoliberalism. Trust, friendship and identification of shared theological and social commitments drove advocacy.

Managing the risk to agency identity and mission in contracting with the state when it is operating in its sacral mode involves substantial risks to both institutions and individuals. The state here will be willing to use power justified by reasons which are hard to challenge in public discourse because they come freighted by their association with sacred values. The church here may find itself in a situation of confession in which it has to appeal to its own account of the sacred, revealed in Jesus Christ. There are other options other than contracting with the state available for agencies that wish to engage in mission with vulnerable groups in these situations.⁵⁷

The issues raised for the churches in this neoliberal context are both theological and institutional. Theologically a central question relates to how the church is to engage with the state when it takes on its sacral character. The question here is not just a matter of the substance of policy but also the way it is implemented. The state operating as an institution driven by an assumption of a sacred identity and purpose presents a fundamental and direct challenge to the church. Theological discussions focusing on the 'common good' as the basis for Christian engagement look problematic in this context, as Cavanaugh has noted.⁵⁸ Institutionally, church agencies' tactics of resistance to the state operating in its bureaucratic mode point to the importance of governance arrangements and intentional responses in communicating the mission and encouraging alignment with mission by the staff.

Arising from the experience of church-related agencies engaging with neoliberalism through the methods of contracting narrated above, churches therefore need to consider theological reflection to guide their engagement, teaching and advocacy on the dual character of the state that is currently emerging. There is also need for theological reflection that engages in a sophisticated but unapologetic way with sociological analysis of the risks to church community and governance arising from bureaucratic processes underpinning marketisation. These are now a critical and, indeed, encompassing reality of the world we live in.

⁵⁶ Doug Hynd, "'Religion' and 'Politics', or Making Public Space More Complex? A Theological Reading of Christian Engagement with Current Asylum Seeker Policy in Australia," (Unpublished conference paper, Association for Public Theology in Oceania Conference, Sydney, 2014).

⁵⁷ Cavanaugh, "Killing for the Telephone Company," and "Is Public Theology Really Public? Some Problems with Civil Society," *The Annual Society of Christian Ethics*, Vol. 21 (2001), 105-123.

We should also look for opportunities for ecumenical cooperation on shared theological convictions that involves working out when to say no together. Beyond this voicing of critique, we should look for alternative patterns of engagement with those on the margins beyond those financed by government contracts. This is particularly necessary when either the state takes on a sacral character and makes claims on individuals and institutions that are at odds with fundamental Christian convictions or operates with a narrow economic framing of the human being and community relationships.

As I have suggested in a fragmentary way in this article, possibilities for resistance to the pressures of neoliberalism are available. What is needed is an intentional and sustained approach at the agency level, supported by careful theological reflection, along with leadership that communicates and embodies alternative accounts of human flourishing and community to that expressed in the neoliberal policy agenda.