

18. Postscript

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Time moves on. Governments change. Mandarins depart (although, speaking personally, the second and third sentence are unrelated). I have had collected my Cabinet-in-Confidence files, handed back my parliamentary pass and said my fond valedictories to the Australian Public Service. In February 2008, at the end of my contract, I left. I had spent two decades as a public servant.

I have moved on (some would say, forward). I have returned to academia, taking up a position as the inaugural Professor of the Centre for Social Impact (CSI). CSI is a bold cross-university partnership between the business schools of the Swinburne University of Technology, the University of Melbourne and the University of New South Wales. It is an exciting but challenging relationship. As Chris Huxham and Siv Vangen emphasise elsewhere in this volume, 'making collaboration work effectively is highly resource consuming and often painful'. Their strongest piece of advice is 'don't do it unless you have to'.

It is my view that we have to. I can see no other way of creating a national institutional structure committed to socially responsible business management, improving the organisational capacity of not-for-profit management and making corporate citizenship more strategic. The CSI will focus on the relationship between the private, public and 'third' sectors and the potential that brings for social innovation. It will complement, I anticipate, that highly effective trans-Tasman university collaboration, the Australia New Zealand School of Government.

Generously, or perhaps provocatively, the editors have offered me the opportunity to email a brief postscript to the article I wrote when I was the Secretary of the Department of the Prime Minister and Cabinet. I sense the unstated questions. How enthused do I feel about a 'centreless society' now that I am out of the centre? How, more particularly, do I view outsourced government from the perspective of the social enterprises that win the contracts to deliver government services? Do I (perhaps) wish to eat humble pie in public?

In truth, I am relieved that my enthusiasm for the potential of shared leadership was firmly founded on the unflinching Realpolitik of the professional bureaucrat. Excited as I was by the prospect, I was realistic enough to note that the Public Service still retained positional authority at the political heart of the networks of governance.

My intuition and experience suggested that although public services, and the governments they served, needed to focus more on collaboration, they exercised

their persuasive talents in an environment characterised by asymmetrical power. It was not—perhaps cannot be—a partnership of equals. Social enterprises negotiate from a position of disadvantage. The obvious question is whether not-for-profit organisations should eschew entering into contractual relationships with governments, knowing that—no matter how politically protected they are by a compact or charter of civil engagement—they will always be relatively weak when bargaining with the formidable strength of public-service agencies speaking with the authority of government.

I think not. Social enterprises will always struggle by virtue of the fact that their values-driven ambitions have an infinite capacity to outstrip the resources available. A not-for-profit organisation, committed to community benefit, will find it difficult to harness voluntary labour, raise donations, collect fees or earn interest payments on investments that are sufficient to meet its expanding goals.

The framework of charitable endeavour has changed significantly in the past generation. Whether supported by traditional philanthropy or new-age ‘philanthro-capitalist’ social investment, the challenge for social enterprises in dealing with individual or corporate donors is not very different from their relationship with governments. The essential challenge for community-based organisations is that, whether they depend on philanthropic foundations, business enterprises or government agencies, they usually have to negotiate financial support and partnership arrangements from a position of relative weakness.

Governments rarely use that power to threaten. The essence of the danger for not-for-profits is not ‘collaborative thuggery’ by public servants intent on intimidation. The exercise of power is far more subtle and, for that very reason, more pernicious.

Community-based groups define themselves in terms of the values to which they subscribe. Values underpin, although not always with adequate strategic intent, the ambitions that are articulated in organisational vision, mission, purpose and goals. Values are their reason for being. In the relentless pursuit of the resources that can make the mission manifest, however, there is a danger that collaboration with those providing the funds can progressively transform social intent.

This is true not only of their relationship with governments. Let me proffer a typical example. Not-for-profit and corporate enterprises might share a mutual interest in the provision of volunteers for community benefit. Indeed, some businesses now encourage or even require their staff to work pro bono during the course of a year. The expectations of the parties could, however, differ profoundly. Not-for-profit organisations could seek access to particular legal or financial skills from corporate executives; the corporation, in contrast, could seek to deploy voluntary labour as a form of ‘do-it-yourself’ team-building

activity. Negotiation of such contradictory (and often unstated) expectations is required.

With governments, however, the challenges of collaboration are greater and have become larger. In aggregate, social enterprises (particularly in the area of social welfare) have become more reliant on government funding. More importantly—and often the reason for their increased financial dependence—the form of government support has changed. Governments are now relatively less likely to provide grants to not-for-profit groups to support artistic endeavour, community sport, social welfare or the environment. Conversely, governments are increasingly attracted to awarding competitive contracts for the delivery of their programs. Instead of providing funding to organisations to pursue community goals that governments agree are in the public interest, governments are now more likely to tender out to community organisations for the delivery of public services. Herein lies the potential for collaborative governance and for community discord.

The most profound danger is mission creep. It comes about in a variety of ways. The first is that, seeking to find new avenues of funding, the not-for-profit organisation widens or varies its objectives in order to meet the terms of government funding. The drift could initially seem modest: still doing things for the poor, for instance, but framing those activities in the language of successive governments (as ‘mutual obligation’, say, or ‘social inclusion’). Almost certainly, the new mission still serves a socially beneficial purpose. The challenge, particularly if the evolution is not thought through carefully, is that the original distinctive mission is weakened. The organisation becomes diverted.

There is a second form of mission creep that can occur in a government-sponsored ‘purchaser–provider’ relationship. Not-for-profit values are often expressed as much in the means as in the ends. Finding someone a job, counselling a dysfunctional family, providing assistance to a homeless person or supporting an Indigenous enterprise can be tendered out by government to an experienced community organisation committed to the task. Unfortunately, the manner in which the service is to be provided can be transformed in ways that weaken the spirit—the very heart—of the community organisation. In part, this is because government contract payments are usually based on outcomes that give no acknowledgment to the processes of engagement that many not-for-profit businesses hold dear. The need to achieve outcomes, and the rigours of an imposed compliance regime, can, with time, undermine the sense of community purpose that inspires commitment.

At least in such circumstances the not-for-profit institution wins the tender with eyes wide open. Worse, by far, is when governments, although committed to outcomes payments, seek for political reasons to intervene in the approaches taken by the social enterprise. One of my worst experiences as a public servant

was having to counsel a Job Network member that it should not spend public funds on paying for job-seekers' haircuts (which privately I thought represented a perfectly rational expenditure economically and socially). The cause was intense media criticism of the alleged 'misuse' of taxpayers' money. The practice had to cease in spite of the fact that the government paid only if the organisation achieved a satisfactory job placement.

There is a third variation of mission creep. This is when a government, appropriately seeking the best value for money in the purchase of services from a provider, devotes inadequate attention to the capacity of the tendering organisation to deliver—and when a not-for-profit organisation, enthused by the opportunity to expand its horizons, overestimates its ability to scale up from a local to a regional or national body. In such circumstances, both sides feel that collaborative governance has faltered. Not unusually, it is the clients (that is, the citizens) who bear the costs of failure.

Finally, there is also a more fundamental form of mission creep that extends beyond the ambit of any particular provider. For the third sector, success in winning government funding can come at a high cost. Slowly but surely a close financial relationship with government can undermine the sector's capacity for social innovation.

I was honoured, shortly after leaving the APS, to attend the 2020 Summit initiated by Prime Minister Rudd. It was a stimulating occasion, yet I was left profoundly uneasy. It seemed to me, particularly on reflection, that the community activists present too often couched their worthwhile agendas almost entirely in terms of government.

I understand that. I agree strongly with the need to set an explicit framework for the collaboration between governments and the third sector. In my view, however, such reforms are necessary but not sufficient.

The danger I see (and fear) is that in a world in which access to the levers of democratic power is palpably unequal, social enterprises could find themselves becoming minor partners in networked governance. Their wonderful strength—devising community-based, socially innovative approaches to the delivery of public benefit—could be dissipated if their potential for critical insight and new approaches is undermined not by outraged opposition but by the welcoming embrace of governments.

I am attracted now, as when I was a public servant, to forms of government that are collaborative. In an era in which party-political affiliations (and trade union membership) have declined, a robust and raucous squabble of social enterprises gives life to democratic process. In their influence on public policy, however, not-for-profit organisations need to be provocateurs as well as partners. Individually and collectively, they need the inner strength of conviction that

builds a civil society. They need to preserve the knowledge and belief that they can make their own futures without government funding and irrespective of government support. It would be a tragedy if, for the very best of collaborative reasons, the capacity of social enterprises to influence governance was lost.