

Privatisation and substitute care

Recent policy developments in New South Wales and their significance

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During recent years a significant change has occurred in child welfare policy in New South Wales as a large component of the government's substitute care program has been, or is in the process of being, shifted away from direct government provision to non-government agencies. Analysis of some aspects of the policy process by which this change has occurred illustrates the complexity of social policy development. In particular this analysis highlights the importance of the ideological and political context of child welfare policy development and the way in which this contributes to contradictions between official policy statements and policy as experienced by the recipients of the implementation of these policies.

The focus of this analysis is the privatisation of substitute care in New South Wales. It is recognised that the term 'privatisation' is used in a myriad of ways. Here, it is taken to mean policies involving a substantial increase in the contracting out of services, previously the responsibility of a large government child welfare department. The implementation of this strategy to increase contracting out of substitute care in New South Wales, has been accompanied by another strategy associated with privatisation – plans to sell off property in which children in public substitute care have been accommodated.

The process of social policy analysis is typically likened to applying the lens of a microscope, so that some aspects are pushed into sharp focus and others retreat into the background. The focus of this analysis is on the ideological bases to the discourses which accompanied the shift from the public to the private sector. Highlighted is the way in which the rationale enunciated in policy documents to promote the policy shift, differed from the rationale used in public forums such as the media. The assumed rationality of discourse camouflaged the political purposes of the policy shift by promoting

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The change in policy direction argued for by policy makers, involved a move from policies where the state had a major role in the delivery of substitute care services, to policies where non-government agencies would take on these responsibilities in what has been referred to by Butcher as a 'quasi market' system for service delivery (1995). That this policy change was achieved in public forums such as parliament and the media with a minimum of resistance was a result of a consensus in public arenas, facilitated by the use of language that did not explicitly focus on transfer to the private sector. This latter appeared as the implicit policy, part of a broader economic rationalist agenda.

The language used to promote the change was that customarily used in the child welfare area – the rhetoric of actions to promote children's best interests through the provision of care in families. Family care was advocated as the goal of changes to the child welfare system. As has been noted by others, the focus on family care is one with which very few dare to argue. Cox has described how the symbolism inherent in the very mention of 'the family' is 'redolent with the odour of sanctity' (ASW Impact, March 1987, p.9). As in other instances of policy development when family care is promoted as the panacea, the fact that for many children family care is a negative experience never entered the public discourse. In the case of children in the child welfare system this omission has particular significance as for some of them, their experiences of family have been such that they strongly prefer placements outside of traditional families.

The intention of a policy change was made public through announcements to the media on 13 August 1991. The then Minister for Health and Community Services, The Hon. John Hannaford, MLC, announced the establishment of a committee chaired by Father John Usher of Centacare, to review substitute care services provided by the Department of Community Services to wards and other children.

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Rationale and context for changes

As reported in the media, in justifying the need for a review, Hannaford and his office focussed the announcement of proposed changes in substitute care policy on the need to close institutions which 'were becoming training grounds for prisons' and the placement of children in foster family care or group homes (Daily Telegraph 13/8/91 and Sydney Morning Herald 15/8/91). The public statements were significant for the details which were ignored. No mention was made in this public discourse of the fact that a number of the institutions to be closed were group homes rather than the large facilities implied by the term 'institution'. Nor was mention made, as became evident when children in care were given a voice, that many of these children regarded these institutions as home and the carers and other children as family. (Visitors Annual Report 1992).

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In this way, as argued elsewhere (Mowbray and Mason 1993), an ideological contrast traditionally made between residential and foster care was revisited as the basis for promoting the closure of government residential care facilities. An editorial in the Sydney Morning Herald 15 August 1991 exemplified the way in which this contrast was used to promote the policy changes. The writer made the traditional argument against residential units that 'the long-term stayers become institutionalised in an environment that can be more like a borstal than a home'. The advantages of foster home care were promoted on the basis that 'there is a great deal of *anecdotal evidence* (my emphasis) to support the view that State wards who have enjoyed a loving, caring foster home are more likely to make worthwhile lives for themselves'. The editorial referred to Professor John Bowlby's work on 'institutional babies' as 'providing a research model and theory of why the foster-home solution is the best', ignoring the extent to which this aspect of Bowlby's work has been discredited and/or misrepresented and the fact that

most children in care are not babies but older children and adolescents.

The contrasting of family and residential care has a long history in child welfare policy. Since the late nineteenth century, arguments for changes in child welfare policy have typically contrasted residential care with foster care and promoted foster care as more appropriate, on the basis of the valuing of care of children in families over congregate care. In advocating such policy directions, research highlighting institutions as damaging to children in care has been promoted, regardless of the limited evidence to substantiate that residential care necessarily has negative consequences for children and ignoring the fact, highlighted by Thomas, that claims of beneficial and negative effects of residential care 'exist side by side in profusion' (1975 p.12). In practice, the values promoting the care of children by families have been associated with a reliance on women in the community to provide this care, without significant financial cost to the state. As Frost and Stein (1989) have pointed out, fostering is a much cheaper option than residential care 'unless of course it is paid for properly' (p. 113). Smith (1986) highlighted that foster care has generally relied on the labour of women in a traditional nurturing role in the home, unpaid and under valued. Mowbray (1983) has shown how government preferences for various forms of care for children neatly coincide with the fiscal preferences of the state treasury (biological family, adoption, private foster care, government foster care, private institutional care, government institutional care).

In the 1980's with the dominance of economic rationalism in government bureaucracies, removal of children from government institutions to families and the community became a rallying point in child welfare in much the same way that de-institutionalisation assumed importance in relation to health care of other dependent members of the community. As with the policy developments towards de-institutionalisation, the current focus on privatisation through contracting out of substitute care for children has been associated with demands on government to respond to pressures to improve services to children in government substitute care. These pressures have included demands to provide adequately trained and appropriately remunerated staff in higher numbers within government substitute care facilities and to increase the power of children and youth and their families to participate effectively in decision making about their

care. The satisfaction of such demands necessitates increased resources and therefore has limited feasibility in a time when government is being asked to give evidence of rationalising resources and reducing expenditure on welfare (Mowbray and Mason, 1993).

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Within this context it does not take much of a cognitive leap to visualise the attractiveness a policy with the effect of removing the issue of children in care away from the public gaze, possible when children are placed within state owned facilities, to the private sector, relatively hidden from media and public scrutiny. In this way policy decisions about the best interests of individual children were subsumed at the community level by the rhetoric of caring families. For the non-government agencies, a policy involving the transfer of children from the public to the private sector must have appeared as in their interests, if such a change were to be accompanied by increased subsidisation of this sector.

The discourse which dominated media reporting of the policy — the intention to move children from residential care to community and family care — received little recognition as an issue in the Report of the Review Committee. Instead the Report of the Review Committee concentrated on the rationale that the non-government sector is able to deliver child welfare services more effectively than the government sector.

The mandate to close residential units and relocate children from them, either to family homes in the community or to the non-government sector, corresponded with more general policy decisions towards privatisation, which have been part of the economic rationalist agenda dominating governments' approaches to social policy during the last ten to fifteen years.

Smith and Lipsky, in defining privatisation as 'a broad policy impulse which seeks to change the balance between public and private responsibility in public policy' (1993, p. 188), describe two inter-connecting themes of 'competition' and

'load-shedding'. The private sector is preferred to the public sector for distribution of goods and services because it is claimed that competition among private organisations fosters innovation and reduces costs. 'Load shedding' enables work previously carried out by government organisations to be contracted out to non-government organisations as a means of enhancing private enterprise and decreasing the influence of government in the economy.

The review report and changes recommended

Privatisation of substitute care was clearly the underlying rationale for the recommendations of the Review Committee, although not directly referred to in the discussion in the Report. In making the recommendation to close departmental residential care units and transfer the services and population to the non-government sector, the Committee made what they referred to as 'a reasonable argument', that the non-government sector is 'the preferred service delivery sector' (1992, p. 32).

This reasonable argument included a number of assertions made, but not argued or substantiated in the document. This approach conforms with the conclusion reached by Hudson that the benefits of the 'quasi-market' situation created in social and health care policy by advocates of privatisation 'have tended to be asserted rather than demonstrated' (in Butcher 1995, p. 117). These assertions reflect the ideological perspective crucial in promoting government contracting to non-profit agencies, that non-government service delivery is preferable to government service provision because it is cheaper and provides more flexibility.

The specific assertions of the Review Committee included statements about a conflict of interest when the government functions as both provider and standard setter; the likelihood of duplication between the government and non-government sectors; the belief that non-government organisations have a 'potential... to respond to parochial needs'; the idea that the private agencies have more direct access to funds because they are not dependent on consolidated revenue; and 'the possibility of limiting the bureaucracy in order to provide immediate and appropriate service', (1992, p. 33).

Crucial to the recommendations of the Committee was that 'we (the Review Committee) contend that the confusions for DCS, as both service provider and its broader state-wide responsibilities

confounds its ability to undertake both roles effectively'. On the basis of this assertion, reflecting the dominance of the values associated with the private market perspective, the Committee recommended that 'the appropriate, long-term role for the Department of Community Services should be to assess and review service needs, negotiate contracts with service providers, and to monitor standards... The Department should not continue to operate as a major substitute care service provider... After a period of three years all services for children who are in need of substitute care should be contracted to non-government agencies' (Review Committee, 1992, p. 4).

The recommendations of the report to close government services and 'off-load' children to the non-government sector provided a legitimacy for what was already implicit policy, well before the establishment of the Review Committee. The Review Committee had provided a footnote in its report, that admissions to certain units had been restricted even prior to the Review and that there was a belief among staff and residents that such units 'were destined to be closed *irrespective of the outcome of this Review*' (the Committee's emphasis) (1992, p. 79). This emphasis in the Report indicates the extent to which the Review Committee's conclusion was a response to political pressures to 'assert' the appropriateness of the 'privatisation' of services for children in need of care and protection, rather than a response to the identification of demonstrable benefits from privatisation. This fact may explain some of the contradictions evident in the Report. For example, in promoting a policy based on a marketplace rationale, the Committee ignored the fact that subsidised non-profit child welfare agencies hardly fit the private market model.

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Further, nowhere do the Committee's recommendations take account of the emphasis in the body of the report of the structural factors related to children entering care. The Committee effectively documented the now well-substantiated way in which structural factors of poverty and social inequality contribute to children's entry to care and the frequently unsatisfactory treatment of children in care as objects of a bureaucratic process.

Yet nowhere were recommendations made for social policy interventions or programs to ameliorate the context in which children's lives are at risk.

Although a concern for children's best interests was specified as a basis for policy, reference to the interests of children was effectively subjugated to the basic political agenda of organisational change in the delivery of services. Most illustrative of this point was the way in which two factors highlighted in the findings section of the report were ignored in the actual recommendations. In the findings section, the Committee stated that it was 'loathe to recommend an immediate re-organisation of the delivery of alternative accommodation and care services', as it was aware of the negative impact of a recent re-organisation of the Department on staff and children. The Committee quoted Utting (1991) who wrote that 'planners and managers need to be more aware that standards of practice depend much more on knowledge, skills, morale, pressures and resources than organisational patterns... process issues are not cured by structural change' (1992, p. 4).

Further, in relation to organisational restructuring, the Committee specifically criticised as a most serious problem in child welfare the frequent 'willingness to "give up on children" (or "turf them" to another agency or program)'. The Review noted that this practice was 'often more abusive than that of the most neglecting biological family, particularly where it occurred as part of professional casework or an organisational restructure' (1992, p. 62).

Ignoring the importance of their own findings, in the paragraph immediately following Utting's criticism of restructuring it was stated, 'Nevertheless the Review Committee does recommend a strategy of planned change for the provision of services for children and young people who are in need of substitute care in New South Wales' - a strategy of planned change which has involved movement of children from the residential care units in which they were living to new living arrangements in the non-government sector as well as in the broader community (1992, p. 4).

It would seem that the Committee attempted to reconcile the fact that organisational change was not necessarily in the interests of individual children with the pressures to move children out of the public sector, by recommending that planned change occur over a period of three years.

A final irony in the conduct of the Review was that while the focus on community and family care as an alternative to residential care had been central to the announcement of the establishment of the Committee, it was not an emphasis of the Report. Indeed the report had recognised that individual children had different needs for placement and no one form of care should be seen as necessarily preferable to another (Review Report, 1992).

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Implementation of the Review of Substitute Care Services

Undoubtedly there will be some children both in care now and likely to come into care, who will benefit from the policy changes following the Review. Nevertheless, the fact that a significant number of children claim they have suffered from the disruption to their lives caused by the Review process and as a result of the nature of the changes, supports an argument that the child welfare policy changes implemented following the Review have been more about responding to political interests than about promoting the best interests of children in care.

Children in care during the time of the Review and following the submission of the Report by the Review Committee, complained about the unsettling effects of proposed closures of specific residential units. The Review Committee had itself noted in its Report the 'destructive impact on the residents' of closures and mooted closures (1992, p. 79). Following the release of the report there was confirmation that the report and its proposed implementation fuelled this 'destructive impact'.

Visitors to Residential Facilities for Children in Care noted in their report for 1992 that there was 'anxiety and uncertainty among children and staff in residential facilities caused by the closure of some homes and the planned closure of others as part of the implementation of the report' (p. 8), and for many children there was considerable trauma as a result of them being required to leave facilities which they had come to regard as their homes. The Visitors Annual Report for 1993-4 stated that the use of existing units

as 'dumping grounds' for children requiring care, irrespective of their appropriateness, continued to promote disquiet and management problems for staff (Community Services Commission, 1993-4).

While a significant proportion of the recipients of the new substitute care policy experienced a large gap between rhetoric and reality non-government service providers have as a consequence of the implementation of the Review Committee's Report been pressured to assume increasing responsibilities for the care of the dependent children. The assuming by non-government child welfare agencies of these responsibilities does not represent a major policy change. Rather it has been an intensification of an existing policy direction.

In the area of child welfare and substitute care services for dependent children, there has always been in New South Wales a mix of government and non-government provision of service delivery, even though the non-government sector has not been as strong as in some other Australian states. From early in the colonial days of New South Wales both government and church authorities worked, sometimes collaboratively, sometimes in opposition, to rescue and/or reform the disadvantaged young.

An example of the extent to which public-private collaboration is integral to the child welfare system was the apparent naturalness or acceptability of joint private/public sector involvement in the establishment of the Committee to review substitute care in this state, and its chairing by Father John Usher, from the non-government sector.

The impact of the policy changes on the non-government sector is yet to be assessed. It is likely that a most significant impact will be from the multiplicity of administrative procedures developed to monitor the services provided by subsidized non-government agencies. The Review Committee espoused the principle that the Department should implement administrative mechanisms to monitor the private sector. These mechanisms would include the publication of standards and guidelines, according to which the performance of the private sector would be assessed (1992).

In what Lipsky and Smith (1993) refer to as 'the irony of privatisation through contracting', the development of procedures, initiated ostensibly to improve service delivery and reduce the role of government, is likely to result in 'unprecedented government involvement in the affairs of non-government agencies' (p. 204) in

Australia, as it has in the United States. Such procedures could stifle the very autonomy which has in the past given non-government agencies their service lead, where it has existed, over government organisations. As the non-government agencies become more rule-bound and focused on demonstrating efficient financial management, their ability to respond to individual client and community needs is likely to be severely constrained (Smith and Lipsky, 1993).

A further irony in the implementation of the Review policies is that, while monitoring procedures are likely to constrain initiatives of non-government agencies, it is unlikely that they will effectively provide the information necessary to assure the public that the government is acting responsibly in relation to children in care. Research by Lipsky and Smith (1993) on privatisation indicates that performance assessment of service providers by the government is singularly ineffective in providing information on agency service to clients. Details which can be requested and provided, such as beds filled by clients, become surrogates for measures of actual client benefit from service delivery. Further, even if such measures could be considered adequate, the lack of availability of alternative service providers underlines the inappropriateness of developing contracting arrangements as if a competitive market situation existed in the area of human services.

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There is evidence that, as noted in the Committee report, the Government had been withdrawing from previous responsibilities for substitute care for dependent children, even prior to the establishment of the Review Committee. An analysis of policy directions in residential care by Mowbray (1992) noted that for some time prior to the establishment of the Ministerial Review Committee, there were well established policies on reducing government provision of direct care to children. This was reflected in statistics indicating a reduction in children in care. Mowbray showed that over a ten year period from 1981 to 1991 there was a decrease in the

number of children in Departmental residential care by seventy-eight per cent and in foster care by thirty-seven percent.

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Analysis has shown that any savings which have accrued to the government as a result of privatisation have been not as a result of transfer to the private sector, because the process of agency subsidisation involves significant government funds, but from those children lost to the substitute care system altogether. Further, there is little evidence to support an argument that there is less need for provision of substitute care services to children, on the basis of reduced numbers of children considered 'at risk' or because of increased provision of preventative services (Mowbray and Mason, 1993).

A concern that policy developments had meant that some children have been 'lost to the system', either because they had left facilities without appropriate alternative accommodation or because children were not admitted to care, as a consequence of the lack of facilities following closures, has been substantiated by media and government reports. In an article in the Sydney Morning Herald of 11 January 1993, it was noted that there was 'increasing concern in the welfare sector that many children in state care are being "abandoned" because government units are closing before alternative services have been arranged'. Father John Usher was cited as commenting that 'there had been a "desperate rush" to close government residential units without ensuring adequate alternatives'.

A result of the reduction in residential care facilities and the associated emphasis on foster care, was that children and youth for whom family living was seen as inappropriate were likely to be excluded from care situations. An article on 13 October 1993 in the Sydney Morning Herald quoted two magistrates of the children's court as stating that implementing the Report meant abandoning 'difficult adolescents' and that the magistrates were constantly being informed that there were no residential units in which to place children without homes.

Even where agencies continue to provide care in small groups, rather than in family situations, the pressures imposed by government monitoring and evaluation requirements related to funding of services, result in agencies streaming children. This means that inevitably agencies must readily accept children with whom they are most likely to succeed. It also means that some children will fall through the agency net altogether. In this situation, children perceived as difficult pose a threat to agency survival in terms of success rates and tend to be excluded as too problematic for agency resources. If such individual children are picked up anywhere, it is likely to be in specialist government services created to deal with them. Inevitably, because of the extreme residual nature of such services, they must become highly stigmatising.

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Children considered as too difficult to be given care, or pushed out of care as a result of inappropriate provisions, typically swell the already growing numbers of homeless children and young people, of whom state wards are understood to be a significant component. Homeless children and youth who have no alternative to living on the streets are ensured by their vulnerability of exploitation and abuse. Similarly, there is an increased likelihood of children for whom the state would have previously accepted a caring role, being diverted away from the welfare system to correctional institutions, either before or after they have sought refuge on the streets. In a time when there is a lack of financial assistance and access to employment for young people, the implementation of current child welfare policies emphasises the way in which the state is asserting the primacy of its role as a social control agent over that of a caring guardian.

That homelessness and security care are indeed the response of the system to children for whom the private agencies have been inappropriate is supported by data included in the 1994-5 Community Visitors Report. Here it was stated that 'some children who have been moved as part of transition arrangement to new care situations are now homeless' (p. 64). Further, staff were reported as referring to a 'bouncing back' phenomenon for some

children, who after their placements in the care of non-government agencies had broken down, had been returned to a Departmental secure care facility or a youth refuge.

In summary, this analysis of a specific area of social policy as it relates to the provision of care for dependent children highlights the way in which these children become pawns in the implementation of policies designed to further adult political and ideological agendas. It is important to confront the hypocrisy of policies where the rhetoric promotes children's best interests and the reality places many of them in 'at risk' situations. The challenge is to develop policies which enable those most affected by them to contribute to the decision making processes as they influence the distribution of resources identified for their welfare. ☼

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