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# Is Australia ready for 'Big Society'?

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Presentation by

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## James Whelan:

Thank you Joe, thanks Denis and thanks everyone for the opportunity to be here. It's really terrific.

I'd like to acknowledge the traditional owners and thank Ron for the great performance as well, a wonderful story. I love those stories.

I love the theme of this conference. I think the first couple of pages of your program present not so much statements of fact but very provocative assertions. Even the name of the conference, Communities in Control, provides quite a lot for us to reflect on. Is it a statement? Is it a question? Is it deliberately provocative? The program highlights the reality that this is the last of the 10, it poses the idea of crossroads and the question of where the future will go.

I was talking with our Director at the Centre for Policy Development, Miriam Lyons, about the idea of crossroads and how I can draw some connections, as speakers try to do, between the theme of the conference and what I'm speaking about. What more of a crossroads is there really – certainly from my perspective, having immersed myself in this research program around Big Society for the last six months – what more of a crossroad is there than the choice about what kind of society we live in and, in that society, what kind of state, what role we see for the state?

Yes, we're here as a community sector but the community sector is one part of a healthy society, along with the public sector and the private sector. How does that blend work? How does that mosaic work?

I want to talk about a huge shakeup to British society, not least of which has been a change to the state and the size of the state. If we were to imagine ourselves at a crossroads, in the UK the crossroads happened two years ago with the election of David Cameron.

Since then, the United Kingdom has moved very decisively down one of three roads that they might have gone down. They have gone down a road towards Small Government. Small

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Government, I think, is one of the signposts that's there for us in Australia and for the community sector and society in Victoria. What does Small Government mean?

Another path that we might potentially go in is Big Government. A third path we could opt for is a considered, evidence-based, healthy blended society where the state plays a role along with the private sector and the community sector.

I'd like to talk about what's been happening in the United Kingdom and then shift to the Australian political and social landscape, looking at what Big Society means for us here, and what it might mean as we move toward a crossroads that we have coming up at a federal level with a potential shift of government in the forthcoming federal election, whenever that happens.

The Big Society in part grew from an innocuous enough looking book, *Red Tory*, published in 2010 just before the national election where David Cameron was elected. It was written by Philip Blond.

I work for the Centre for Policy Development which describes itself as a progressive and pluralist centre think tank. We're based in Sydney. We do some work in various states around the country.

Philip Blond is the founding director of a think tank in the United Kingdom called ResPublica. He's a former theologian, lecturer, academic but also a bit of a public relations thinker, as was the British Prime Minister David Cameron. We'll see the significance of that shortly.

So a think tank really set the agenda. David Cameron picked up the ideas that Philip Blond had articulated in this book and turned them into public policies that have transformed British society in two short years. I'll describe how that's happened.

It's a very appealing book. When I first read it I was drawn to a lot of Philip Blond's arguments. I'm also drawn to quite a bit of the rhetoric around Big Society.

At its heart there are three elements to Big Society. It's about empowering communities – communities in control. It's about encouraging a diversity of service providers – that sounds

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good; lots of people doing lots of different good jobs in the community. It's about fostering volunteerism and mutualism. And you heard from the Deputy Premier about those healthy indicators of the not-for-profit sector, of volunteerism, of the economic significance of the community sector.

One of the other Big Society champions, who David Cameron has had during this two years, Nat Wei, a young social entrepreneur, liked to use the metaphor of a coral reef to describe Big Society. A coral reef, to those of us in Australia, will probably have a deep and subliminal subconscious emotional response. A coral reef, well who wouldn't want to live in a coral reef? What a terrific metaphor.

The fish: citizens and neighbourhood groups participating in a design and delivery of services.

The coral: social, public and private providers collaborating with lots of different kinds of coral, the brain coral, the branch coral, the stag horns, in complimentary services to develop innovative service models for harder to reach groups.

And the seabed is the third sector, the public sector, government, protecting the vulnerable, ensuring essential services and facilitating the mix, facilitating the design and delivery.

Powerful, appealing, simple, elegant. It's no coincidence that David Cameron was described as a public relations guru before he became British Prime Minister.

The reality of Big Society has been quite different. The disillusionment with Big Society, the shock of Big Society, happened only two months into Cameron's first term, which we're still in. Two months after the election, the first Budget came out. Public sector spending was cut by £81 billion. Community sector funding was also cut in that first year by £5 billion. And in a range of portfolios – welfare, legal aid, communities, public housing, higher education, police and so forth – between a quarter and two thirds of the budgets were cut.

Local government cuts were very significant because without the state government in the mix, as we have here, local government in the UK manages a lot of that community sector support, grants to community sector organisations and so on. Having experienced a cut of 25% or more across local government, local governments were not only needing to wind back very seriously

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the funding that they passed along to community sector organisations, they needed to cut their own services as well.

Public sector employees were reduced in number by approximately a quarter of a million in the first 12 months of the Cameron Government, which I think puts into some stark contrast the magnitude of the public sector cuts that are happening in Australia at the moment. I'll talk briefly about that later. I'm conscious that here in Victoria, for instance, people are dealing with the reality of cuts – about 4000 public servants this year as opposed to 240,000 in the UK.

Big Society was not toying around. Big Society was going to be dramatic and sudden, with another half a million public sector employees (when I say public sector employees I mean government employees of both national and local government) set to go in the next five years. We're talking about a rapid and very dramatic change in the mix.

I've been watching Big Society as long as I've worked at CPD. I get a Google alert looking for "public service". Big Society changes generate more of the news around public service in the world than anything else.

Philip Blond is very optimistic. He said people were taking over the state, which is what he wanted. Others said Cameron had declared war on the public sector. Neutral observers would say it was the biggest shakeup that had happened in half a century – very dramatic changes indeed.

Cameron is a big believer in business. He says business is the most powerful force for social progress. At the heart of the program of Big Society was this idea of "any willing provider". Now, Australia has a competition policy which is interpreted and described in different ways. When he was Education Minister under the Howard Government, David Kemp said if you can find it in the *Yellow Pages*, Government shouldn't be doing it. That might be one extreme around the interpretation of Australia's policies, but another is the Queensland State Government where although all three sectors can tender to do government work, there is a proportion of community service that the government continues to provide.

"Any willing provider", which is the Big Society version, is a default setting – unless a compelling argument can be created and maintained, the government shouldn't be doing the

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work. So we look for any willing provider and that might involve not-for-profit organisations, large or small. It might involve corporations. It might involve these hybrid organisations that the government is very keen to see emerge from the social entrepreneur, social innovation space.

There's a whole language around Big Society that I've got a glossary on. We're just about to release the report on Big Society that I've been working on for the last six months. It will be launched on Wednesday and you'll find it on [CPD's website](#). It contains 450 references from newspaper articles and academic papers and policy discussion papers and so on. "Any willing provider" actually hasn't turned into these other organisations. The glossary talks about "spin-outs" and mutuals, which are interesting types of organisations who could be tendering in competition to your not-for-profit if this were to happen here. A spin-out is something where public servants whose agency may have tendered to do some housing provision or some other community service missed out and recreates themselves as a private sector corporation of some kind. A mutual is obviously owned by their employees, their workers.

So spin-outs, mutuals, not-for-profits, they can all tender for everything, the widest range of services. The kinds of organisations that we're looking at are providing parks, libraries, post offices, hospitals, welfare-to-work employment programs, prisons, court and tribunal administration, payment processing, fraud, debt and identity related services, police information and communication technology and training, infrastructure and back office functions, health services, housing, planning and schools. This is just a snapshot. Everything to any willing provider.

So the first waves of "any willing provider" occurred almost immediately upon election. The winners are the big fish. We're not seeing the coral reef emerging. We're actually seeing an interesting phenomena where people can tender in a range of ways. You can be a prime contractor or a prime tenderer. You're going to receive a significant chunk of money to provide a significant level of service. You may have a contract, a partnership with a large not-for-profit or indeed with a number of smaller, local not-for-profits community organisations.

What's happened is that in one of the largest pieces of government work that's been outsourced, the work program which is the equivalent of employment services in Australia,

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the huge corporations have dominated. These three receive 35, 40 contracts. Eighty-eight per cent of the work that came out of the work program was outsourced, they had gone into partnerships, for the process of bidding, with not-for-profit organisations who were enthusiastic about Big Society, who saw the potential, who were enthusiastic about partnering with corporate partners for this contract in business, who now go to the media, or who shortly after this in 2011, went to the media saying, “We were used as big candy. We haven’t got the work.”

The other thing that’s happened is that in some instances an A4E or a Circo has secured the prime contract, taken 12.5% of the contract, and then passed it on. Some MPs have said, “We had not-for-profits in my electorate who were doing that work who tendered. They’ve missed out. The corporate got it. They’ve taken a slice of 12% which is very significant. And now the not-for-profit is doing that work on 82% of budget.”

In our report, we talk a little about Circo, partly because Circo, as well as dominating the process in the UK, is so active here in Australia and is growing rapidly in its extent and influence in Australia which takes various forms. Internationally, Circo runs roads, they run Dublin’s traffic lights apparently, half a million square kilometres of airspace, education authorities.

Under Cameron, Circo picked up the contracts to run public schools right across the nation. In Bradford County, Circo is running every public school. Here in Australia they run all of our detention centres and many of the support services for those detention centres. They’ve been described as the biggest company you’ve never heard of.

In parts of Britain, they say, Circo is running so much business that they’re like the council. They’re a surrogate government. They’re like what government used to be.

During the Big Society research I went around the country and interviewed people who think and look long and hard at the public sector and at Australian society in general, one of whom is Cath Smith, who will be known to the Victorians in the room, no doubt, as the former CEO of VCROSS. I also interviewed five professors of public policy. I interviewed people on the left and the right, people who knew about Big Society and were enthusiastic, people who were shuddering about the thought of Big Society here.

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Cath Smith spoke about the tendency to shift from smaller to larger organisation, saying that there's a tendency to lose the diversity that the coral reef conjures up as time goes by. We're probably living with that reality around the country.

One of the leading not-for-profits who have been analysing Big Society in the UK, the Rowntree Foundation, has published two reports. I would have stood here two weeks ago and said mine is the most comprehensive report on Big Society published but then as I was finalising the edits on it, Rowntree published their second report, which is a beauty, done in the UK, looking at the impacts in the first two years of Big Society there. I can now say mine is the first comprehensive Australian analysis of Big Society.

Big Society is headed our way. If you haven't been part of the conversation about it yet you will be. It's happening.

Rowntree had a good look at the impacts and they said that in terms of the social justice consequences, two things were happening: Big Society changes and the budget changes that happened at the same time. And maybe we should hold those two things apart. Yes, there were huge budget cuts in the UK. Yes, there was this idea of Big Society and empowering communities and volunteerism. Did those two things coincide? Was that unfortunate?

People who are very fond of Big Society would say that this is unfortunate because we can't isolate the positive impacts of Big Society while the austerity or emergency budgets were happening in the UK. Others would say there were two sides of the coin. We were always going to get those two things. I'll let you decide on that.

They saw two things happened across the UK. One was that the poorest communities were hit hardest. In fact, they concluded the report by asking, can English local government continue to serve deprived communities? The range of services that I described before about any "willing provider", there's a similar list in the report of the range of services that were either cut back during the first 12 months of the Cameron Government or abolished altogether.

If you look at the profile of those services that were cut or abolished, often it was services that were either for the young or the old or the economically disadvantaged parts of the community, and geographical areas within the community as well.

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Volunteerism is a huge part of the vision for Big Society. There are a range of assumptions about volunteerism. In the report, I go into them into some detail. One of them is this idea of limitless volunteerism.

We don't like government. I'm not being polemic there. We Australians have some deep-seated reservations, misgivings, about the idea of a big government. In the 1970s, Nugget Coombs led a Royal Commission into the public service in Australia. I think it was the last time we had a decent look at the public sector and its role in Australia.

We've had a couple of similar national commissions or enquiries since then. But they haven't been as comprehensive. In any case, when he was drawing his concluding remarks in that context, Nugget Coombs says that the one single thing that came through most strongly and consistently in that Royal Commission, right around the country they had hearings and submissions and so forth, was misgivings about big government. Australians don't trust this idea of Big Government.

So let's run with that. Let's have smaller government. Let's have much smaller government. That's what Big Society is about. And in its place, as the state pulls back, there's some space, where meddling, overreaching bureaucrats and public servants have been dominating and telling people what to do. We hear enough of that. Great things will happen in that space, a coral reef will happen in that space, volunteerism will happen in that space, limitless volunteerism, to the extent that the state withdraws, volunteers will rush in, civil society will rush in. There's no limit to that.

That comes through again and again. I want to look at some indicators of that. There is also an assumption that volunteers can and will replace public servants, that governments have stifled volunteerism and should get out of the way and the state can foster volunteerism through the kinds of enabling platforms that the Deputy Premier was speaking about through Australia Day becoming Volunteer Day, all those sorts of celebrations of volunteerism and maybe small grants if we can afford them.

There have been some surveys done in the UK of people's willingness to do that work, to step into the space that's been vacated by these public servants. What we find is that while 80% of

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the British citizenry support more community involvement, 25% would say that they care to be involved, 5% would say that they want to be involved in providing services.

And when you ask specifically about schools, free schools, this idea of a non-public alternative led by the community, 2% of UK citizens were saying that they wanted to be involved in running those schools.

There have actually been surveys of British parliamentarians as well to look at both their interests and their track records around volunteerism and it's telling that fewer than 10% of sitting members of parliament in the UK volunteer on anything like a regular basis.

The Leader of the Labour Party has just spoken of his cynicism. It's a nineteenth century, US-style view of the welfare state: cut back the welfare state and somehow civil society will thrive. People might be hearing the Joe Hockey culture of entitlement echoing in the back of their head somewhere.

Davies and Pille, social scientists, have said that rolling back the state actually seems not to unleash a culture of volunteering, and charitable investment seeks to anticipate corporate investment rather than need.

Charitable investment and social entrepreneurship is a big part of Big Society – the notion that we can draw on the other two sectors, the corporate sector and the community sector, to work together in partnerships, that just as there's unlimited volunteer potential, there's unlimited social investment potential. Pull the state out of that space and corporates will partner with community sector organisations and leverage funds for social impact bond experiments like is happening in New South Wales, or start-ups of one kind or another who will tender to do public service work.

It hasn't materialised yet. The amount of money that's actually come forth from the corporate sector has been less than 10% of what was anticipated.

Others have said this is Wikipedia Government collectively created by the impassioned, invested or the bored.

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Philip Pullman, a British novelist, who is very popular, was speaking at a public rally in one of the counties where many of the libraries were being closed after local government funding for libraries was pulled. Libraries have been like the canaries in the coalmine because communities are very concerned and they mobilise quite quickly when they lose their libraries.

Philip Pullman was speaking about libraries. He said in relation to volunteerism, “Who are these people whose lives are so empty, whose time spreads out in front of them like the limitless steps of central Asia? They have no families to look after, they have no jobs to do, no responsibilities of any sort, yet are so wealthy they can commit hours of time every week to working for nothing.” He also said of libraries, can we assume that a librarian’s job involves stocking the shelves and having cups of tea? Is that all that’s involved?

Others have satirised the idea of losing the paid part of fire services or emergency services and spoken about Dad’s Army kind of images. At the swimming pool, who’s assessing how much chlorine goes in? How do we feel when it’s volunteers? I’m not decrying the value of volunteerism for one second.

A social movement has grown up around concerns and the resistance to Big Society. It hasn’t remained universally popular. When Big Society was first championed by Cameron, people such as us here in this room were enthusiastic about it. It was a promise for the community sector to be involved in more meaningful, more dynamic ways.

Local government was enthusiastic about it. Whitehall was going to get out of the way. They could devolve more responsibility to local government. They were going to stop sending their bureaucrats out here into our county.

Churches were supportive. More recently, the Archbishop of Canterbury, who had been quite a supporter of Cameron’s ideas early on, began to refer to the Big Society ideas as awfully stale, frightfully stale. Cameron took such offence. He went head to head with the Archbishop and said, “If Jesus were alive, Jesus would be a supporter of Big Society.”

There have been questions asked when the Occupy movement happened in the UK, when the riots happened in the UK. Every time civil society mobilises, some journalist or another says, “Is this a response to Big Society? Is this what Big Society is about?” It’s a question. There’s a

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lot of satire. We're about to have some t-shirts printed: "Does my Society look Big in this?" This is actually a spoof on the official poster for Big Society. There are no bones about that. Take away the placards over the top. This is the government slogan, "Big Society, not big government." So it does play to that sentiment that Nugget Coombs was identifying in his Royal Commission.

It has also generated quite a Twitter conversation. We're keen to generate one around Big Society here. The #BigSociety tag has run hot.

Lots of Sutton residents cleared their pavement over the weekend because there was a big snow storm, with free grit from the council. Big Society, behavioural change, local gov. When volunteerism occurs, a community sector organisation hosts something that's great, they do some initiative, Cameron's ministers or the Prime Minister himself will be there to say, "This is Big Society in action. Can I put my arm around you?"

It's the kind of frame where you can claim anything that fits and then you can refute the contrary, people falling over, volunteer organisations losing their funding and so on.

The Twitter conversation, though, has equally been quite critical – cleared the pavement outside yesterday, not an endorsement of Big Society, just being helpful – right through to people now pointing to really meaty reports like the Rowntree Foundation's one on the web. The Big Society discussion runs hot, a contrast, I think, to the discussions that we have about the role of the state in our Australian society.

As a public service geek, I would say there are a few places where you can go to have that conversation. What you can find is flash points. You can find issue-based discussions – "Oh, the government's going to stop funding that. The government's doing that program that we don't like or that we do like."

We have those micro-conversations but not the macro conversations about, "What do we want government to do? What's its role? How does it relate to the other sectors? What's the mix that we like to see? Where are we seeing that mix right? How would we like to change it?" That is happening there.

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For those of you on Twitter I've put in a couple of tweets this morning to AusBigSociety which is so far quite a lonely space, mostly to myself. Hopefully, with the report coming out on Wednesday, there will be a few other public service nerds like me in that space.

I'm going to come to Australia now. Why is any of this relevant to us here? Where are we headed? The Prime Minister is on record saying, "The Australian public service does wonderful things and should be valued. I'm a big supporter of the public service but as a government we have to make some tough decisions."

Those tough decisions are being made now on a reasonably small scale, I'm going to say a small scale because I'm not a public servant who's lost my job in the last six to 12 months – 4000 have in Australia, and another 4000 are set to lose their jobs here in Victoria.

That's not the scale or the speed of Big Society changes. Nonetheless, those things are happening. There are going to be a significant number of retrenchments.

If, on the other hand, we have a change of regime and Tony Abbott becomes Prime Minister, let's just see what Tony Abbott's on the record as saying, a very different story: "Government should do for people what they can't do for themselves and no more. Securing our future depends more on strong citizens than on Big Government."

I've been following speeches on both sides of politics for a little while, just looking for the tell-tale signs of Big Society. In one speech, Tony Abbott spoke about engaging community and not-for-profit organisations and for-profit organisations to deliver public services, increased reliance on an advocacy for community volunteerism, a standing Green Army was part of that, reviewing welfare provision arrangements. I should have said that review of welfare provision arrangements was one of the very first things that Cameron did, a comprehensive review of welfare entitlements in the UK, community boards to manage budgets and staffing of public schools and hospitals.

Tony Abbott welcomed Philip Blond, the author of *Red Tory*, to speak to the Menzies Research Institute during last year. I guess that was the starting flag for me to begin work on my report, Philip Blond was coming here, being welcomed before he spoke by Tony Abbott, who

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introduced him as a friend of Australia and said these are just the changes that we need to see here.

So we're not hearing Big Society. It's not front and centre for us in Australia, but we're ripe for them, we're ready for them.

I think that there are four widely held myths, beliefs about the public sector in Australia that make us ripe for these arguments, that make us potentially quite supportive of Big Society in the way that many were in the UK when it came along. They are these: we've spent too much on the public sector; we're overtaxed; public sector spending slows the economy; we have too many public servants.

The reality of our public sector spending is that we spent far less than the OECD average. This normally comes as a surprise to people. It came as a surprise to me. I'd grown up with that myth, that we spend a lot on the public sector. We're a country that takes our social contract, our social safety net and so on, very seriously. We have been for many years.

In fact, we sit there at 35% of our gross domestic product being invested in the public sector, compared to 47%, which is the average. At that point, the UK was investing that average of 47%. Their cuts constitute approximately 6% of their gross domestic product. So in two years under Cameron they've gone down closer to 40% of their gross domestic product, which is still significantly ahead of Australia.

Secondly, that we're an overtaxed nation. This is a bar graph of OECD countries, the taxation levels for a worker with average wage. The red bar is the OECD average – 35% is the average taxation level for a single worker with no children across the OECD. The red bar is Australia, at 26%. We have low taxes. They're the lowest that they've been since the very early 1980s. I know I pay less tax than I did when I was first employed in the community sector.

Does public sector slow the economy? Well, no – it doesn't slow the economy. Ross Gittens, economic observer and analyst, said that there's no correlation between the size of government and the rate of economic growth. Some countries with big public sectors do well. Some countries with small public sectors do badly. We know that stimulus funding can, under

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the right circumstances, including stimulus public sector funding, be very good to kickstart an economy in the doldrums.

Fourthly, the myth that we have too many public servants – and, I think, of the four, we hear this the most often. “There are too many, we’ve never had so many, we’ve got to get rid of some.”

This bar graph does two things. The bars in the background are the Australian population, just to show that since 1994 we’ve had a growing population. The dark line tracks the number of public servants nationally. This isn’t looking at state public servants. But the trends haven’t been too dissimilar. Under the Keating and Howard Governments, we saw a significant decline of about a third of the public service after the early 1990s until we hit a low point in 1999, from which we’ve steadily regrown to the point where we may just be eclipsing the number of public servants we had in the early 1990s.

However, our population has grown and, more than that, our expectations of the public service, all the attitudinal surveys that have been done, say we’ve never expected more of the public service, just in terms of services, than ever.

We are a strongly volunteering nation, as the Deputy Premier said. I just want to show these bar graphs about volunteerism. In Australia, volunteers are playing a significantly growing role in the provision of services in their communities.

The question that I’d ask, though, on the back of Big Society is if you were to introduce Big Society changes as significant withdrawal or dismantling of the state, based on an assumption that you could go from the current bars on this graph to a figure way up here, that volunteers will step in and run all of the services that need to be dismantled in response to a sudden abrupt withdrawal of the state, would that occur?

Our report shifts, then, to an analysis of Big Society and some of the impact, asking this question: What is a good society? What does a good society look like? And, in particular, thinking of a good society, how would that good society thrive or respond or be actualised in the context of a contracting state, a much smaller public sector? Thank you.

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