Pathways to the Enabling State: Changing Modes of Social Provision in Western Australian Community Services

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This investigation of reform of Western Australian community services problematises assumptions about the enabling state. The investigation is distinctive by virtue of its attention to the departure points as well as the destinations in pathways of policy change and its unpacking of three modes of public provision into their three constituent policy elements (funder–provider mix; the nature of agreements between policy actors; and the type of funding relationships). We find first that government had long adopted some aspects of the model of governance associated with the enabling state. Second, we find some path dependency in policy change towards marketisation. Third, we find highly nuanced policy outcomes combining government exploitation of its authority, market innovations and the maintenance of basic network features of the programs.

Reforms premised on contracts and markets have become dominant themes in the practice and study of the changing role of the state. Put simply, state organisations have encouraged new 'modes of public provision' which, in turn, reflect their own changing policy style. Deakin and Walsh (1996:33) have captured the key issues, noting that the expectation is that this process should 'transform the state, locally and centrally, into an enabling organisation, responsible for ensuring that public services are delivered, rather than producing them directly itself'. They also cite the metaphor of the state 'steering not rowing' employed by Osborne and Gaebler (1992) to express this seachange. More specifically, Deakin and Walsh (1996:36) see this shift as manifest in: 'the separation of purchaser and providers, the development of contracts and quasi-contracts and the operation of trading systems based upon prices and user choice'. Given this characterisation of the enabling state, it follows that any mode of public provision (that is, one in which government has some involvement) is distinguished by three general policy elements: the funder–provider mix; the nature of agreements between policy actors; and the type of funding relationships.

The paper investigates the extent and nature of change in these three policy elements within the Western Australian (WA) community services to which the government sought to apply market principles in the mid-1990s. It cautions against claims that the governance of this sector was radically transformed because both the foregoing and the subsequent community service policy regimes combined aspects of different modes of governance.

In order to enable evaluation of the changing style of WA community services, we employ three concepts that capture fundamentally different modes of governance: government authority, markets and networks. By government authority we refer to the state's unique legislative capacity, and its fiscal and bureaucratic resources to perform public tasks (Lindblom 1977). Government authority in public provision is greatest when governments are monopoly providers of goods and services. Even when governments recruit non-governmental auxiliaries to assist in public tasks some government hierarchy persists in: the statutory basis for market and network relationships; the selection of non-government agencies to deliver public programs; and the imposition of evaluation

and accountability regimes.

Governments engage in various market relationships. The most common form is simply where for-profit organisations compete for the contracts to render public services although governmental and non-profit organisations may also enter such relationships. In contrast to authority structures, markets can transform complexity into relative simplicity by means of competitive demand and price mechanisms that provide clear incentive structures and a means of quantifying decisions (Lindblom 1977; Rimmer 1991). Government use of markets would be signalled by: the use of advertised contracts; a client role in determining needs and service specifications; efficiency and effectiveness as the main criteria in selecting providers; funding determined by the operation of supply and demand; haggling over terms and conditions; no reporting requirements; and legal remedies for failure (Kettner and Martin 1990).

Networks are partnerships held together by mutual interest, complementary strengths and interdependencies. While the concept can usefully be thought of as a continuum (Richardson 1996; Rhodes 1990), some generic features of networks of public provision can be identified. They bear some features of Heclo's (1978:49) 'issue networks' that he largely attributed to 'expanding welfare policies and Washington's reliance on indirect administration'. Here power is not easily identifiable, but

> the network ties together what would otherwise be the contradictory tendencies of, on the one hand, more widespread organizational participation in public policy and, on the other, more narrow technocratic specialization in complex modern policies (Heclo 1978:103).

Although members of networks do not necessarily share all interests and values, some reciprocity operates because they share an interest in the substantive policy area in which agreement, rather than authority or markets, is the basis for action. Networks can include governmental and non-governmental actors who pool their resources to design and carry out public policies. There is great variety in what ties a network together. It may be simply mutual interest, but it may also be peak organisations, government-sponsored consultative committees

or the public money. In the latter two cases, in order to meet the definition of network, rather than authority, non-governmental players are neither legally subservient nor contractually bound to government. Saloman (1987:116) has argued that such arrangements 'combine...the superior revenue-raising and democratic decision-making processes of government with the potentially smaller-scale, more personalized service delivery capabilities'. Networks are identified where the members' involvement or norms are reflected in: how client needs are interpreted, transmitted or managed; the design of service specifications; funding decisions; understandings as a basis for agreements; and monitoring and reporting norms (Kettner and Martin 1990; see also Powell 1990).

A simple conceptualisation of a pathway to the enabling state is where government abandons monopoly responsibility as provider and funder, and governmental or non-governmental organisations compete for the responsibility for funding and delivering social goods and services. This shift would be complemented by changes in the way agreements are made and which funding relationships are deployed, depending on whether for-profit or non-profit organisations replace government organisations as funders and providers. This would signal a shift to market or network provision in which the state would use only its regulatory powers to encourage certain outcomes and prohibit others — the image captured in Adam Smith's nightwatchman role for government.

But in many cases pathways to the enabling state have been more complex whereby the roles of government and their relationships have been more subtle than the stereotypical privatisation described above. Some sense of the range of possibilities is captured in Table 1, which presents and unpacks three modes of public provision according to the nature of the three policy elements derived from Deakin and Walsh (1996).

The first column presents the case of government organisations being responsible for funding and providing services. In the monopoly public service model this would be manifest in a single organisation combining the roles of provider and funder. One theme in the change to the enabling state has been the separation of these functions such that one organisation

Table 1: Three Modes of Public Provision and their Policy Elements

Policy Elements	Modes of Public Provision		
	Government Authority	Market	Network
Funder–Provider Mix	Government organisations	Government and for-profit organisations	Government, non- and for-profit organisations
Basis for Agreements	Hierarchy	Contract	Consensus
Funding Relationship	Bureaucratic	Competitive	Negotiated

assumes the role of a purchasing agency and separate government agencies deliver services. Relationships may retain some hierarchical and bureaucratic policy elements. However, the shift may be more marked with these government organisations developing the market relationships of contract and competition such that some public agencies behave like for-profit organisations in providing services.

In other cases, fused governmental funding and provision responsibilities are replaced by government funding of non-governmental organisations to deliver programs, presented in the second and third columns of Table 1. This can draw for-profit and non-profit organisations into public provision. In these cases government can achieve more than in the nightwatchman model because of the power that goes with funding responsibility, be it through contracts and competition or through consensus and negotiation. But equally, these relationships and processes may draw non-governmental organisations into governmental roles of policy design and objective setting (Truman 1971; Richardson and Jordan 1979).

While Table 1 presents a richer set of possibilities for the enabling state than are apparent in the simple privatisation model, it still only simplifies by presenting ideal types of funder–provider mix, basis for agreement and funding instrument. Empirically, changing modes of public provision vary enormously, depending on the sorts of organisations involved: many delivery organisations are neither exclusively for-profit nor non-profit. Similarly, the basis of agreement may combine contractual and consensual features, and the funding instrument combine competition and negotiation. Thus, in practice, government authority has

often been complemented by network and market modes of provision within single policy areas rather than replaced either one of them. As we demonstrate below, many of the shifts in the name of the enabling state have been to mixed patterns of responsibility for funding and delivery.

Moreover, as we also demonstrate, pathways to the enabling state vary not just according to which state monopolies have been replaced, but also according to precisely how the enabling state had previously achieved its goals. In short, many aspects of public provision have long been more nuanced than the public service monopoly model would suggest. More specifically, our paper illustrates pathways to the enabling state from bureaucratic pricing by governmental funders of a network of non-profit providers to one of negotiated pricing; and from negotiated pricing arrangements between such actors to neo-competitive ones. Ambiguities here stem from the nature of previous relationships and the way they inform continuing policy choices.

Thus our paper serves two main purposes. First, it reveals the diversity of pathways to the enabling state, which depend not only on the vigour with which market modes are adopted, but also on the prevailing modes of provision to which these are applied. Thus, it argues that the nature and scope of this enabling capacity of government vary according to the preceding roles, responsibilities and relationships of different policy actors.[1] Although we do not assume that inheritance is invariably before choice (Rose 1990),[2] we illustrate how different past modes of public provision contribute to an understanding of the variation in the scope and character of the state's new enabling capacities.

Second, and relatedly, the paper illustrates

how the non-profit sector should be included in consideration of pathways to the enabling state, which has tended to focus on the government authority–market dichotomy. The paper thereby questions assumptions about the extent to which previous modes of provision could be understood simply with reference to the paradigm case of governmental authority which combined responsibility for funding and providing policies through hierarchical agreements and on bureaucratic funding arrangements. It also questions assumptions about the speed and comprehensiveness of the adoption of market modes of public provision.

Overall, the paper illustrates one of Hood's (1995) anxieties about a new global public management paradigm (for example, Osborne and Gaebler 1992) by identifying the nature and implications of the legacy of a previous mode of provision for the pathway to the specific roles and relationships of the enabling state.

In the case study of community services reform in Western Australia during the1990s, the government aimed to acquire a new role of purchaser of services, to use contracts as the means of securing agreement and to use competition as the main funding relationship. Our analysis illustrates how the pathway to the enabling state was critically informed by the previous network-based mode of public provision. While the government had been a major funder of services, it had long purchased these community services from a network of non-governmental organisations. Yet the agreements and the funding relationships were not characterised by contract and competition, but by consensus and negotiation. In the attempt to shift to markets, we see that the identity of the funder and providers remained the same even though important changes in their relationships occurred resulting from new agreements and trading systems. The fact of these previous relationships is vital to understanding the particular enabling and steering roles of government in emerging modes of public provision, notwithstanding attempts to enhance state capacity through increased market disciplines.

We will demonstrate that this consensual style has been crucial for understanding both the pathway to the application of markets in particular program areas and the state capacities in the process of transformation and its

aftermath. In other words, we will argue that notwithstanding evidence of government seeking to impose a rationale of markets and contracts on the policy area, the legacy of a more consensual than impositional style (Richardson et al. 1982) has proved vital to understanding the emerging enabling state in this policy area. More specifically, we will investigate the role of government in preparing non-governmental providers for market as its own role changed from a funder to a purchaser of services and as it introduced contracts and new trading systems.

Thus, as in the UK, we have a situation where the government has been 'systematically seeking to shape the supply side' (Wistow et al. 1996:163) Yet the outcome has not neatly reflected the rationale initially proclaimed and used to legitimise the changes:

> What clearly emerges is an approach which is neither pure hierarchy nor pure market. Its essence is in some respects captured by terms such as 'managing' or 'shaping' the market. However, a more appropriate metaphor may be that of managing inter-organizational networks in which, to adapt Rhodes (1995:17) 'facilitating, accommodating and bargaining' are among the key roles for social service departments. (Wistow et al. 1996:174).

But rather than simply conclude that all pathways to the enabling state consist of some undifferentiated managing and shaping activities, we seek to attribute particular sorts of managing and shaping to the mode of public provision that has been reformed.

The Network Model of Community Services in Western Australia

Community services in WA have long depended on government and non-profit organisations acting independently and in partnership.[3] While some non-profit activity predates public policy, the state government emerged as a key player by funding services through general grants to non-profit provider organisations (Tonkin 1985).[4] Overlapping networks of non-profit providers have emerged around the different community service program areas. Thus the networks are held together not only by the shared ethos of alternative and community-based modes of public provision, but also by

public money and organisational connection with government officials. These bonds underpin one institutional manifestation of networks: peak organisations.

Membership of the non-profit networks is heterogeneous. Some organisations are long-standing and responsible for very large budgets. Some are church based and others are secular. Many are small, often specific to one locality and are volunteer based. Many use their own funds to provide services in which government has no direct interest. The extent of dependence on government funding for their operations varies. Collectively, non-profit organisations have become fundamental to the delivery of numerous WA community services, but maintain their distinctive philosophies, goals and modes of operation.

Table 2 summarises the programs under analysis: Home and Community Care, Supported Accommodation Assistance Program and Out of Home and Alternative Care.[5] These programs provide a range of services including accommodation and support for homeless people, out of home care for children and home-based aged and disabled support. They receive some direct or indirect Commonwealth (or national) government funding, in common with many Australian public policies, and are administered and partly funded by state governments.

The programs are introduced under the headings of the government department responsible for the respective programs and are investigated under the subheadings of the three policy elements.[6]

The Department of Health and the Home and Community Care Program (HACC)

The Commonwealth Home and Community Care (HACC) Act 1985 integrated several subsidised non-institutional services to frail or

Table 2: Summary of Western Australian Community Service Programs Analysed

	Home and Community Care Program (HACC)	Supported Accommodation Assistance Program (SAAP)	Out of Home and Alternative Care Program (OHAC)
Service Description	Support to the frail or at risk aged and younger disabled people and their carers inside their own homes and in the community	Accommodation and support for homeless people in crisis and women and children escaping domestic violence	Group residential care, foster care and placement with relatives, adoption and support for children and their families
Department	Health Department	Family and Children's Services	Family and Children's Services
Program Area	Aged and Continuing Care	Family and Community Support	Protection and Care of Children
Client–Government Relationship	Non-statutory	Non-statutory	Statutory and non-statutory
Funders	Joint state and Commonwealth	Joint state and Commonwealth	State and SAAP Youth
Providers	Non-profit organisations and local government	Non-profit organisations and local government	Non-profit organisations, families, individuals and government

at risk aged and younger disabled individuals.[7] There is considerable variation in the way states administer HACC within broad parameters as to the type of organisation eligible for funding, the nature of expenditures and the client base set in Commonwealth legislation. Although the home and community approach to care was largely driven by the escalating costs of subsidising private nursing homes, it was also consistent with the re-valorisation of community and self-help (see Beilhartz et al. 1992).[8]

Funder–Provider Mix

In 1995–96 the WA HACC budget ($71m)[9] was spent through the Department of Health mainly on about 280 non-profit providers[10] of about 360 services. HACC's network character was institutionalised under a state Advisory Committee, consisting of governmental representatives, a non-profit representative of each of the seven health authority areas and representatives of four provider organisations. The committee is required to consult with HACC consumers and providers, identify client concerns, report to and advise the minister, but it plays no role in the allocation of funds or in negotiations over individual projects. Further illustrative of the network model is the fact that the large providers are members of Aged and Community Services (WA) and about 90 small non-profit and local government organisations formed a support group called the Western Australian Network of Community Based Home Care Services.

Basis for Agreement

Agreements were negotiated between HACC officers and providers on an individual basis and confirmed by letter and an acceptance form. There was no contract. HACC providers were evaluated every two years regarding standards, the quality of care and management, and assistance was given to those organisations that fell short of requirements. There has been a continuity of proven providers operating closely with government officials.

Funding Relationship

Although during its early expansion some expressions of interest (EOI) were invited for new services, this practice disappeared and existing providers were requested to make submissions for growth funds. Thus a network of preferred providers operated in which funding was almost invariably renewed given the government's confidence in the non-profit organisations' ability to provide the requisite services.

The Family and Children's Services Department and the Supported Accommodation Assistance Program (SAAP) and the Out of Home and Alternative Care Program (OHAC)

The Family and Children's Services (FCS) department is responsible under the WA Community Services Act 1972 for coordinating, assisting and encouraging the provision of social welfare services and is empowered to confer and collaborate with other bodies and instrumentalities which offer these services. It is therefore responsible for the SAAP, which is co-funded by the Commonwealth government.[11] The FCS also has a statutory responsibility to provide out of home and alternative care under the WA Child Welfare Act 1947, although many services which now operate under OHAC funding were developed by large church organisations and only later subsidised by government. Services include group residential care, foster care, adoption and family reunification and support.

Funder–Provider Mix

In 1993–94, 82 non-profit organisations received SAAP funding ($13.94m)[12] to provide accommodation and related support services for homeless people in crisis and women and children escaping domestic violence. Funding resulted from the submissions to the FCS for grants either in the form of conditional gifts or subsidies.[13] In 1994–95 FCS funded nine non-profit agencies to provide OHAC services in addition to delivering some of these itself.[14] These agencies had long been funded on a preferred-provider basis. Allocations of funds were made following recommendations to the minister by a consultative committee responsible for coordinating government and non-government provision; for planning and advocacy; and for managing non-government OHAC funding. The committee had an independent chair, two government and two non-government representatives.

Basis for Agreement

Initially a letter from the minister detailing the annual funding constituted the basis for SAAP

agreements though from 1995 written agreements were introduced for funding up to three years. The FCS maintained the network character of SAAP by assisting provider organisations to develop the mission statements, objectives and performance indicators required. Non-profit organisations saw the agreements as having provided considerable flexibility. Because of its statutory nature, OHAC had long used written agreements with non-profit organisations. In 1991 a standard agreement was designed for all FCS programs, including SAAP and OHAC (DCD 1993). While this did formalise and regularise aspects of the relationships between the FCS and funded agencies, it was developed through the network norms of consultation and negotiation between government and peak provider organisations.

Funding Relationship

Although there was competition for some SAAP services, generally submissions were assessed against program guidelines, the availability of funds and a broad state SAAP plan. Service specifications and funding levels were arrived at on a consultative basis with each agency. OHAC operated with a stable set of preferred specialist providers. Initially specifications for funding related to bed capacity only and were relatively 'loose' (Interview). Between 1985 and 1991 other input formulas were introduced but these had been developed by the Consultative Committee.

After 1991 it was intended that SAAP and OHAC, along with all FCS services, would be audited and financially monitored on a quarterly report and annual audit basis, though this appears not to have been properly conducted (Auditor-General 1993). Despite the provisions for six-monthly progress reports and annual reviews, performance monitoring was also irregular. When reviews did identify problems, FCS officers tended to assist agencies rectify them. Only in rare cases of financial mismanagement were agreements terminated. Otherwise, once initial funding was received, renewal was relatively automatic.

The WA Networks of Community Service in Perspective

We have seen how relations between government and non-profit community service providers conformed to the mode of networked public provision. Table 3 summarises these relationships through three key policy elements: a funder–provider mix in which government funded non-profit organisations; agreements that were based on minimum formality; and funding relationships that were non-competitive and continuing.

The state depended on the non-profit sector to implement its legislation and, in the case of OHAC, this even extended to areas of its statutory obligation. The non-profit sector contributed to the policy process through consultative mechanisms and, in the case of OHAC, even to decisions about funding. In turn, while some non-profit organisations also enjoyed their own financial resources, their activities increasingly depended on public

Table 3: The Network Model of Community Services

	HACC	SAAP	OHAC
Funder–Provider Mix	Govt funds non-profit providers that are represented on Advisory Committee	Govt funds non-profit provider organisations	Govt funds non-profit provider recommended by Consultative Committee
Basis for Agreements	No contract. Funding confirmed by letter	Written agreements from 1989 developed in consultation with non-profits	Written agreements (statutory responsibility)
Funding Relationship	Preferred-provider system. Funding renewed	Community submission model. Ongoing funding	Preferred-provider system. Funding usually renewed

funding. Thus, the pathway to the enabling state in WA community services is not from a model of government authority but from a funder–provider mix operating in a network. We now turn to examine the implications of this distinctive departure point for the state's plans to apply markets to these community services.

Community Services Go to Market?

A decade of Labor-led public policy change in WA (1983–93) saw an increase in the public service managerialism and later an interest in competition within the public sector and contracting some activities to non-governmental providers (Moon and Fletcher 1988; Government of WA 1990) although, as we have seen above, these had little impact on community services. From 1993, the Liberal–National coalition government extended these policy developments (McCarrey 1993; Court 1993). Moreover, the theme of marketisation began to permeate thinking about community services. At the Commonwealth level the ALP and Coalition governments showed greater interest in the use of markets to improve value for money and accountability in community services. Subsequent policy changes have affected existing relationships and informed mechanisms to establish new services. Aspects of market modes of public provision have been introduced, but we shall see that the pathway of change has been structured by long-standing network dependencies. Table 4 summarises how WA community services went to market and contrasts with Table 3.

The Department of Health and the Reform of Home and Community Care Program

A new national policy climate emerged in the early 1990s as intensive reviews by the Commonwealth Officials Group[15] led to a focus on efficiency and effectiveness of HACC and, through needs-based planning, on the achievement of 'output' rather than 'input equity'.[16] However, the WA Health Department had undergone almost continuous review since the mid-1980s, particularly regarding organisational structure and efficiency. Although HACC stood apart from some of the subsequent changes,[17] it was included in the adoption of contracts for service in 1995–96. Similarly, there was a shift from historic funding to results-driven and needs-based funding models, and from block grants confirmed by a letter of agreement to the purchase of services under contract.

Funder–Provider Mix

In 1993 the government exploited its authority to design the new purchaser–provider model without negotiations with the provider organisations. While the new model was adopted more easily in HACC than elsewhere in the Health Department because of its long-standing funder–provider division, the transition was nonetheless rather uneven. This reflected the historic network character of HACC. Such factors as the varying enthusiasm of government officials and provider representatives for the new scheme, the nature of provider groups and their understanding of the new system, and other

Table 4: WA Community Services Go to Market

	HACC	SAAP	OHAC
Funder–Provider Mix	No change	1995 funder–provider generic model	No change in mix. Recommendations by FCS-appointed committee. FCS manages funding
Basis for Agreement	1995 two-year written contracts	1995 generic agreement replaces written agreements	Introduction of standard and then generic agreement
Funding Relationship	No change	Preferred providers for ongoing services. 1995 competition for new services	Continuation of preferred providers

issues in relations between government and non-profit organisations[18] contributed to the uneven pace of change.

Basis for Agreement

The major change here was the imposition of proforma contracts specifying services, an agreed price, terms and procedures for default and termination (through a breach of the provider's obligations or insolvency) which are amended to accommodate individual organisations, and requirements to comply with standards of consumer rights and consultation. Compliance procedures became more explicit and more detailed with the bigger contracts. Thus governmental authority[19] eclipsed the network in the introduction of the contract. But this was not extended to its implementation. HACC project officers worked with providers, assisting them to conform to the contractual requirements and to identify their specific needs in the delivery of services. Thus the government adopted a negotiated and consensual approach to the introduction of contracts.

Funding Instrument

Despite the contractual relationship that accompanied the shift of government from funder to purchaser, the funding instrument was initially a managed one with no competition between non-profit organisations for contracts. Further, despite expectations that a competitive tendering system covering price, volume and quality of service would be introduced, existing providers were requested to submit proposals for funding. In many cases, especially those of small non-profit organisations, HACC officers even assisted providers in making submissions that met the new contract and service standards. The network model is further reflected in that funding levels were negotiated around the historic base-points in costing programs and in the setting of prices to enable providers to accumulate reserves in order to carry all staff costs[20] and depreciate equipment. Furthermore, HACC funding is available to non-profit organisations for training in management and accounting to meet the standards expected in the new environment. Thus, even if a more arm's length relationship does eventually emerge, government attempted to provide the organisations with a secure financial and organisational base to operate therein.

Conclusions

As the government planned a more marketised HACC policy environment, it clearly endeavoured to make the transition smooth and thereby ensure continuity of service given the vulnerability of the client group. The logic of contracts was tempered by the persistence of network characteristics of the funding relationship. It could even be argued that some network aspects of HACC were strengthened in the preparation for market. The WA Network of Community Based Home Care Services was prompted to operate as a peak group rather than just provide member support. As the Health Department saw this as a means of improving communication, it funded the network to employ a part-time worker. Thus, the government complemented its multilateral dealings with numerous small providers with the subsidised use of the peak body, to improve communications in the network.[21] In the context of a shift towards a more legalistic basis for agreements and a more arm's length relationship with providers, the government continued to value the long-standing HACC network for service provision.

At the time of writing, WA may be about to become the last state to sign up to the 1997 HACC Amending Agreement to allow for-profit organisations to tender for contracts. Even if this change is enacted, the expectation is that the preferred-provider system will persist except in cases of service failure and growth funding. Given the tight specifications for service delivery and the client group, it is not envisaged that many for-profit organisations will have sufficient incentives to tender.

The Family and Children's Services Department and the Reform of the Supported Accommodation Assistance Program and the Out of Home and Alternative Care Program

FCS programs proceeded further down the pathway to the 'enabling state' than HACC. In 1995 the FCS introduced a contract ('the generic agreement')[22] and adopted a new funding relationship ('the generic funding model') both of which were applied across all programs for a common three-year period. These changes were adopted in the context of a decade of administrative and policy review and innovation[23] and, unusually perhaps, increased funding to

non-profit agencies[24] and new services funded from efficiency savings. Nonetheless, changes have reflected aspects of the network model. For example, although the FCS unilaterally conducted reviews of its programs, peak organisations and funded agencies (DCD 1995), peak organisations and service agencies cooperated with the department to produce the Community Services Industry Study which suggested new relations between the government and the non-profit sector and a new framework for service delivery (Minister for Community Development 1994; DCD 1994). Since 1996, the FCS has reviewed the agreement on an annual basis with the WA Council of Social Services (WACOSS). We continue to explore how the changes were structured by the long-term network character of the SAAP and OHAC programs.

Funder–Provider Mix

During the establishment of the generic model, the network was suspended[25] as the state redefined existing relationships. FCS staff determined needs and prepared a prioritised service mix, developed specifications for all new services and modified those of some existing ones. Yet at the same time the government encouraged the establishment of the independent non-profit peak body, the Children, Youth and Families Agency Association WA (CYFAA), to represent agencies to government on funding and coordination matters. Second, the government initiated the Out of Home Preventative and Alternative Care Committee to conduct planning and research.

Basis for Agreements

The 1995 FCS generic agreement was initially presented as a non-negotiable pro forma. This provoked 'dismay that the sector had not been involved in the development of the draft at a much earlier stage' (Hughes 1995), and the sector described many clauses as 'draconian'.[26] Yet in response to peak concerns that providers would need help in moving to contracts, the FCS financed the Funding Information Network (FIN) operated by WACOSS for nine months in 1995, though this was subsequently replaced by an in-house funding information line. Considerable sector pressure, channelled through peak bodies, forced a review of the contract and consultation with WACOSS in the

subsequent rewrite that resulted in an extensive redraft of the agreement. This saw the revision of clauses concerning departmental access to provider organisations and a new preamble stressing the principles of cooperation and non-profit autonomy. However, in contrast to previous agreements, the preamble claimed that it was a legal document.

In the case of OHAC, while standard agreements had long been used and the FCS aimed to specify requirements, baseline costing of activities, monitoring and evaluation, network features were even more strongly entrenched than in SAAP. This area received different treatment due to the traditional level of non-profit contribution (20–30 percent of services plus many complementary non-funded services), the substitute nature of the non-profit provision (that is, the government would have to meet its statutory obligation to deliver the services in the absence of non-profit provision) and the specialist nature of the services.

Funding Instrument

For continuing FCS services, the market mechanism was shelved in favour of preferred providers receiving funding based on historic levels. For new services, or in the few cases where previous providers failed, the FCS solicited EOIs at a fixed price. Bidders were invited to provide information on what level of service could be provided within the specifications. In contrast to the previous system there was initially no interaction between the FCS and the non-profit organisations in the drawing up of the latter's proposals. Yet the 'No Interest Loans Service' was subsequently developed in 1999 with community input through public forums and close WACOSS involvement. Moreover, the FCS went to great lengths to prepare non-profit organisations for market through the iterative stages of successive written agreements and by government officer support in developing financial and management systems.

In 1995 the minister indicated that the EOI process should be more about selection than tendering, in the hope of maintaining close relationships between the department and providers. Price competition was excluded and selection was to be based on the 'best outcomes' for the service users. Initially 'best' appeared to be judged on a case-specific basis, but

subsequent brochures on probity and the new FCS EOI manual (FCS 1996) singled out the 'value for money' criterion. To reinforce the existing network further, for-profit organisations continued to be excluded. The FCS remained keen to avoid any competition that would risk fragmenting service delivery and as a result the preferred-provider system continued.

Conclusions

While the FCS pursued a policy to shift public provision from the network to the market mode, the transition to and operation of the new system betrayed important network features. The historic funder–provider mix was made more explicit in the decline of direct government support for provider organisation management, the reduced provider role in identifying needs and defining service specifications, and the increased government monitoring of providers. Similarly peak bodies also experienced this separation with the temporary loss of core government funding during attempts by the state to redefine the program delivery. Yet the government was instrumental in preparing the providers for market. Key aspects of contracts were revised in response to criticisms from the network. Preferred providers continued to dominate FCS services. Peak organisations were revivified and re-incorporated in subsequent policy processes.

The most recent FCS policy document confirms its commitment to a preferred-provider system where the provider continues to meet the departmental need, conforms with program requirements, operates efficiently and effectively and provide, best possible customer service (1999:2). Market testing is provided through the information gleaned when new or replacement services are put out to tender. For-profit organisations continue to be excluded. Policy-making and planning of local service delivery continue to reflect provider input.

Pathways to the Enabling State

This paper has problematised assumptions about the enabling state in two related ways: first by attending to the departure points as well as the destinations in pathways of policy change; second, by unpacking three modes of public provision into their three constituent policy elements. By adopting this approach our analysis has identified three related features of the pathway to the enabling state in WA community services: long-standing arm's length government which predated recent enthusiasms for 'steering not rowing'; some path dependency; and a highly nuanced blend of government exploitation of its authority, market innovations and the maintenance of basic network features of the programs.

First, the reform of WA community services has seen a different pathway to the enabling state from public provision based on monopoly government authority to one based entirely on the mode of the market. This is because the historic funder–provider relationship with its network characteristics was valued as a means of service delivery to vulnerable sections of the population. Attention to the start of the pathways thus alerts us to the heterogeneity of processes of policy change.

Second, we have identified some path dependency in the policy changes. Even though new relationships have emerged in the nature of agreements and funding relationships, they do not conform to the impersonality normally associated with the purchase of service model. The state went to considerable lengths to ease the transition by preparing the non-profit sector for the emerging, more marketised, community services regime. This is because third-party government had been long-standing, because some non-profit organisations predated government as providers, because government calculated that the non-profit sector could bring high levels of expertise and experience, and because of the valorisation of the local orientation of community groups in public policy. The imperative to maximise the continuity of service provision tempered efforts to introduce markets where networks have long performed well.

Third, the means by which the state increased its capacities as an enabling organisation combined the three modes of public provision that we distinguished at the outset. The basic network of non-profit provision persists. Yet government authority also increased through the exploitation of its own resources to restructure community services in conformance with some aspects of the reform agenda of the enabling state referred to by Deakin and Walsh (1996). This was manifest in the limitations it placed on the market, its selection of the players

and its efforts to adapt them to their new environment. But indubitably, certain market processes were deployed with the aim of increasing greater cost effectiveness and accountability.

Our approach has yielded findings that lend support to Hood's (1995) view that the advent of state as purchaser, contracts and markets does not necessarily lead to a uni-dimensional role of the state as an enabler in a market of provision. Certainly the WA government specifies the rules for competition, or 'shapes the supply side' (Wistow et al. 1996:113 above). But the pathway to the enabling state reflected its point of departure and previous journey as the government sought to ensure continuity of provision and prepare providers for market. Moreover, the providers were not powerless vehicles for values and the delivery of govern- ment desiderata and as a result there were numerous instances of the reform agenda being compromised in favour of the principles of the network model of policy provision. Together with the government and its changing objectives, and the logic of market principles, the non-profit organisations were fundamental to an under- standing of the pathway to and the nature, scope and limits of the enabling state in WA community services.

This analysis raises three general questions for other research in the area of the enabling state and changing modes or public provision, more generally. First, what is the starting point for the pathway of change? Second, to what extent does this create path dependency in the nature of the change? Third, what implications for understanding policy change go with unpacking modes of public provision into their three policy elements?

Notes

*   We are grateful to the Centre for Australian Community Organisations and Management for a research grant (Jeremy Moon) under the Contracting for Care project, University of Technology, Sydney, and to Mark Lyons for his leadership of the project. Our thanks to: the officers of the WA Department of Health and Family and Children's Services; representatives of WA non-profit organisations and the journal's referees.
1. We do not imply that Deakin and Walsh (1996:33) present a homogeneous enabling state. On the contrary they write of 'variety', but they do not investigate its mainsprings.
2. See Moon (1995) on policy innovation.
3. We do not posit that WA is strictly representative of Australian community services. For example, in South Australia there has long been a greater level of state government provision and in Victoria there has been a higher level of local government service delivery (see Lyons 1997; Healy 1998).
4. The state government also directly provides some services and about a quarter of those it only funds are provided by local governments. These are outside our concern.
5. For reasons of space we have excluded analysis of disability services.
6. We interviewed: the responsible state department's coordinating officers and funding/ project officers; officers of large provider organisations; representatives of small provider organisations; and officers of peak organisations. We also consulted public documentary material and other data provided by our informants.
7. HACC is designed to support: home help or personal care; home maintenance or modification; food; community respite care; transport; and community paramedical services and nursing.
8. HACC was designed 'to facilitate the involvement of community organisations representing both service providers and users in the provision of advice...on needs and priorities within the program' (Parliament of Australia 1985 part III k).
9. Of this 60.7 percent was transferred from the Commonwealth government.
10. These originally included religious organisations, charitable of benevolent organisations and any other organisation that operates other than for profit or gain.
11. Under a 1985 Commonwealth–state Agreement the Commonwealth provided 60 percent and by 1999 56 percent.
12. This figure includes a small number of local authorities.
13. In addition some SAAP services were established by the FCS regional community development workers through community management models.
14. This amounted to $5.58m. An additional $5.15m from SAAP and the Youth Social Justice Strategy was transferred to a range of agencies for similar services (DCD 1995).
15. This is chaired by a Commonwealth repre- sentative but otherwise consists of representatives of state governments.
16. Efficiency measures were intended to assist in meeting the 20 percent shortfall in coverage of the target population; to increase carer support by improved assessment of community needs; to improve understanding of the determinants of

service delivery; and to improve accountability and monitoring (Department of Human Services and Health 1994, 1995).

17. Thus, while departmental line management was centralised, HACC persisted with a regional system of allocating and administering services.

18. For example, new operating boundaries within the area, allocation of growth funds.

19. For example, the government can insist on: the providers taking out indemnity insurance, access to providers' information and providers' operations being open for inspection; and, as purchaser, may terminate the agreement or suspend payments.

20. For example, leave loading, long-service leave, training.

21. The government maintained consensual relations with the major peak body, Aged and Community Services (WA), but did not need to subsidise it.

22. This specified standards and outcomes for groups of services rather than for organisations, with the aim of improving equity and accountability (Minister for Community Development 1994; Minister for Family and Children's Services 1995; DCD 1995).

23. For example, progressive devolution of administration and management, state office consolidation of non-government funding, the adoption of program management and a customer focus policy.

24. From $2.9m in 1984 to $40.7m in 1994 (Minister for Family and Children's Services 1995).

25. The old OHAC Consultative Committee was abolished.

26. For example, relating to FCS access to service premises and to non-funded service records, to question any employee or other persons on the premises.

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