

Welcome to 2009 From Peter McKinlay To Federation of Voluntary Welfare Organisations

2008 ended on a gloomy note. New Zealand was in recession, the government accounts had switched from large surpluses to large and ongoing deficits, and traditional community funders were cutting back. What can the voluntary and community sector expect 2009 to bring?

Let's set the context. Government deficits will be with us for at least a decade. Pressure on government spending priorities will be intense. First, the new government will have to address the persistent underinvestment in areas like tertiary education and research and development as well as infrastructure. Next, it's going to be under very real pressure on the social services front from sources such as rising unemployment, an ageing population, housing affordability and international competition for skilled staff in health and education.

Traditional community funders such as community trusts and other philanthropic trusts have been very hard hit by the downturn in world capital markets. As a best guess their funding effort over the next 5-10 years may be no more than half of what we have been used to. Gaming trusts, for those prepared to use them, also have rapidly declining revenues. Commercial sponsorship is drying up as businesses reduce costs in order to survive.

Local government is under ratepayer pressure to cut back expenditure. Its hopes that central government would assist with substantial further funding (thus leaving councils with more capacity for discretionary expenditure) are virtually certain to be dashed.

For the voluntary and community sector this is either disaster, or the beginnings of opportunity. Look back over the past decade or so when governments had strong revenues and community funders were benefiting from substantial increases in the value of their investments.

There was a real sense that the financial resources needed to deal with New Zealand's many social challenges were there - the trick was to persuade government, local government or another funder to write the cheque.

It underpinned the belief that, somehow, whatever the question the answer was probably government, and it certainly supported a belief within the bureaucracy that it had both the capability and the resources required. If an intervention wasn't working, the explanation was almost certainly that we just needed to do a bit more work on identifying the exactly right intervention, not that perhaps there were inherent difficulties with any government intervention as the appropriate solution.

Expect a major shift. Government no longer has the resources to manage social policy as a series of ever changing government interventions. The myth that government is almost always the answer will die because government can no longer afford to support it. Instead government, and the rest of us, will have to focus seriously on what really works, and who is best placed in terms of knowledge, networks and legitimacy to deliver.

This means a much greater role for the voluntary and community sector in setting direction, as well as for the localities within which solutions are expected to play

out. The reason is simple. Much of the knowledge about how to deal with the problems we face, and the networks whose support is required are locality-based.

Government policy will increasingly be driven by the need to secure the willing and effective collaboration of other partners including local government, the voluntary and community sector, and the localities within which interventions are actually based.

It will open up a very real albeit challenging opportunity for the voluntary and community sector. Devising and implementing solutions which work will much more clearly be seen as something which is inherently bottom-up rather than top-down, and which needs to engage the knowledge and skills of local people.

Think for example of the management of public housing. Currently this is the responsibility of a single government agency with very limited community input, and with a strong focus on housing as the service, rather than housing as the node point at which a range of services come together. Contrast this with developments in England's housing associations, or major housing cooperatives. There is a real emphasis on using governance and management structures, including tenant input, as the basis for dealing with a wide range of need, at the very least at the level of coordinating access.

The present climate presents a real opportunity to grow a genuine community housing sector based on local and community responsive management of public housing - it not only makes good social sense, but should also make good economic sense as well, especially if it is done within a strong social enterprise framework.

The same opportunities will be there right across the social services sector. The common theme to put forward is a shift from the state exercising the sole prerogative to specify how services should be designed and delivered, to a genuinely collaborative approach. Contracts, as an example, should start to shift from a "sign here" approach to a genuine negotiation to meet the interests of both parties and their communities.

The crucial factor in ensuring that this opportunity becomes a reality is recognising the fundamental implications for central government of recent capital market events and what they mean for government funding and government capability. It is for the voluntary and community sector to assert that these changes make genuine partnership the only viable option.

Regards

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