

# Sacred and secular in Australian social services<sup>1</sup>

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## Abstract

Church-related not-for-profit organizations deliver approximately half of social services in Australia through contracting arrangements with governments. The religious dimensions have attracted remarkably little attention, but along with religious schooling and hospitals, social services are at the front line of the sacred–secular interactions in Australia. This will become even more so with the advent of the National Disability Scheme. In contemporary social services contracting we have a peculiarly Australian religious settlement where government draws on the benign and useful elements of religion while bypassing difficult and potentially dangerous theological and interdenominational disputes. However, the government, in some cases with the acquiescence of religious social service providers, is attempting to go beyond this to detach service delivery from the theological ideas, and the personal and communal practices, which sustain it. The combination of shortcomings of the economic incentive design of the contracting arrangements and lack of appreciation of the religious dimensions of the organizations involved are currently leading to erosion of quality of client service, inflexibility, transfer of risk, staffing problems, gender imbalances, and lack of innovation in the sector. There are also important religious threats to the Australian settlement. Better understanding of the religious dimensions would help ensure the efficiency and sustainability of high-quality social services in Australia, to the benefit of the mission of the churches, the government, and many vulnerable people served by the agencies.

## Keywords

Religion in Australia, Secular, Faith-based Welfare, Ecclesiology, Mission and Identity, Social Services, Contracting, Job Network

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1 Earlier versions of this article were presented at Anglicare Sydney, Catholic Social Services Victoria, University of Western Australia, University of Newcastle and the Crawford School of Public Policy at Australian National University. I thank seminar participants for their comments.

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## Introduction

Australia is a strange and interesting case for theorists of the secular.<sup>2</sup> A distinguished Australian religious historian asked whether Australia is indeed the most godless place under heaven, and another whether God can survive in the harsh land of Australia.<sup>3</sup> We certainly have low levels of church attendance and religious voices are not prominent in our public discourse.<sup>4</sup> Australia's religious landscape looks like Europe in some ways, but without the residues of Europe's centuries of Christian history. In other ways we are like America, being a new immigrant society, with almost identical treatment of religion in our constitutions. Yet visiting Europeans and Americans share incredulity at the role of our churches in delivering education, health and social services for government. Over half of Australian social services are now delivered by non-government organizations under contracts,<sup>5</sup> mostly by churches or organizations connected to churches. Even more astounding, especially to visiting Americans, is the lack of public controversy over the role of churches in education, health and social services. It is hard to conclude, despite low church attendance and the lack of overtly religious discourse in our public square, that the Australian public square is empty of religion.

How do we make sense of this? Is there a peculiarly Australian religious disjunction between church attendance and religious belief, and between religious talk and action? If Australians are not good religious talkers, then do we have to tease

- 2 For example discussion of the secular in Charles Taylor, *A Secular Age* (Cambridge, MA: Harvard University Press, 2007). Australian discussions include Gary Bouma, *Australian Soul: Religion and Spirituality in the Twenty-First Century* (Melbourne: Cambridge University Press, 2007), Tom Frame, *Church and State: Australia's Imaginary Wall* (Sydney: University of New South Wales Press, 2006) and Marion Maddox, 'An Argument for More, Not Less, Religion in Australian Politics', *Australian Religion Studies Review* 22(3) (2009): 345–367.
- 3 The questions were asked by Ian Breward, *Australia: The Most Godless Place under Heaven* (Melbourne: Beacon, 1988) and Bruce Wilson, *Can God Survive in Australia?* (Sydney: Albatross Books, 1984).
- 4 Australia has the best data on religion of any country through our national church life surveys (run by NCLS Research, <http://www.ncls.org.au>) and the regular religion question which has been asked on our census (Australian Bureau of Statistics, <http://www.abs.gov.au>).
- 5 This figure comes from Shurlee Swain, 'Welfare and Charitable Organisations', in James Jupp (ed.), *Encyclopedia of Religion in Australia* (Cambridge: Cambridge University Press, 2009). Peter Shergold, 'Professor Peter Shergold Urges Governments to Use the Expertise of Social Service NGOs' (interview with Virginia Trioli, 15 July 2013 [accessed 17 November 2015]. Online: <http://www.abc.net.au/news/2013-07-16/governments-miss-opportunity-to-capitalise-on-ngo/4822412>) estimates the size of the sector at about \$30 billion, though data on the sector is patchy. Further data may be found in recent Productivity Commission and Australian Bureau of Statistics publications. Judd, Robinson and Errington, *Driven by Purpose: Charities that Make a Difference* (Sydney: Hammond Press, 2012) point out that almost all of Australia's largest charities have Christian origins.

the nature of Australian secularism out of a study of religious actions and institutions? Are Australians perhaps buying religion without either believing or belonging, to extend Grace Davie's terminology?<sup>6</sup> As with many questions, attention to Australia's religious history is helpful.

## Religion in Australia

It is significant that Australia was settled at a time when both the discipline of political economy and utilitarian philosophy were on the rise in Britain. Both evangelicals and religious sceptics were prominent among our early settlers, and these groups were particularly partial to utilitarian philosophy.<sup>7</sup> It is worth reminding ourselves that British utilitarianism had strong Christian roots; William Paley's Christian utilitarianism was as important in the early 19th century as Bentham's and James Mill's antireligious version. Religion in the early days of the colony was often viewed instrumentally (if not in an explicitly utilitarian manner) as a resource for good order and moral improvement of society. This is seen in the role of early chaplains, Richard Johnston and Samuel Marsden, the role of religion in our hospitals and schools and, above all, Governor Bourke's Church Act of 1836. There is a history of Australians, through their governments, quietly using religion for social ends while keeping their distance from belief and clericalism.

Another relevant feature of Australia's religious history is that the early settlers were religiously mixed, with a largely Anglican upper echelon, significant numbers of Scots Presbyterians and other nonconformists, and many Irish Catholics, particularly at the lower end of society. Some were in Australia as a result of national struggles back in Britain and Ireland. It was a time too when there were vigorous

6 The sociologist of religion Grace Davie (*Religion in Britain since 1945: Believing without Belonging* (Oxford: Blackwell, 1994)) famously interpreted contemporary British citizens as 'believing not belonging' to churches any more, where individuals often feel they are vicariously participating in the remnant of church life that continues. This does not fit the Australian experience.

7 Hugh Collins, 'Political Ideology in Australia: The Distinctiveness of a Benthamite Society', *Daedalus* 114(1) (1985): 147–169 and John Gascoigne, *The Enlightenment and the Origins of European Australia* (Cambridge: Cambridge University Press, 2002) discuss the importance of utilitarianism in Australian history. Stuart Piggin, *Evangelical Christianity in Australia: Spirit, Word and World* (Melbourne: Oxford University Press, 1996), briefly discusses the connections between Australian evangelicalism and utilitarianism, and has a larger history of Australian evangelicalism in progress. The connections between evangelicalism and utilitarianism are clearer in Britain, which supplied most of the influential early religious figures, including the initial Anglican chaplains to the colony, Richard Johnston and Samuel Marsden, both evangelicals. As I was preparing the final manuscript of this article, John Dickson introduced the inaugural Richard Johnston Lecture in Sydney (given by Miroslav Volf in Sydney in March 2014 on the topic of 'Public Christianity') by quoting a convict's praise of Johnston as 'a physician of the body as well as the soul' for the practical assistance he provided.

arguments about the participation of Catholics and nonconformists in Britain's universities and government. All this meant that public religious discourse was potentially divisive and dangerous for the new colony, while the lack of infrastructure and government resources pushed different groups to work together on practical projects. Both the government and the churches shaped this peculiarly utilitarian and religiously inclusive Australian settlement.

## Characteristics of social services contracting

The recent expansion of contracting out social services to church-related organizations follows from Australia's early history of practical cooperation between government and the churches. It is actually the 20th century of centralization of social services and pushing away of the churches that is the historical aberration.<sup>8</sup> Paradoxically, it has been organizations associated with churches with the fastest falling attendance which have been most active in social services in recent years. If this continues most Australians' contact with Christianity will be through education or social services rather than congregations. Will the local congregation, as one church social service leader put it, come to be seen as an outmoded religious technology, just as the horse and buggy is an outmoded transportation technology?

I have written previously on the Job Network, which was the abolition of the centralized government employment and training agency in the mid-1990s, replaced by an open tender for delivery of these services, where church-related organizations won most of the contracts.<sup>9</sup> The way this works is that unemployed

8 Brian Dickey, *No Charity There: A Short History of Social Welfare in Australia* (rev. ed.; Sydney: Allen and Unwin, 1987), Meredith Lake, 'Secularism and the Good Samaritans'. Paper presented at the Re-Thinking Australian Secularism conference, Macquarie University, Australia (2011), and John Murphy, 'Church and State in the Mixed Economy of Welfare in Australia', in Hilary Carey and John Gascoigne (eds), *Church and State in Old and New Worlds* (Leiden: Brill, 2010) discuss the history of Australian social services.

9 The Australian Job Network contracting arrangements are considered in Paul Oslington, 'Economic and Theological Issues in the Contracting out of Welfare and Labour Market Services', in Brian Howe (ed.), *The Church and the Free Market* (Melbourne: Australian Theological Forum, 2002) and Oslington, 'Contracting Out of Assistance to the Unemployed: Implications of the Australian Experiment', *Economic Record* 81(252) (2005): 30–37. The incentive structure of contracting is dealt with in more detail by economists Patrick Bolton and Mathias Dewatripont, *Contract Theory* (Cambridge, MA: MIT Press, 2005), and Avinash Dixit, 'Incentive Contracts for Faith-Based Organizations to Deliver Social Services', in S. Lahiri and P. Maiti (eds), *Economic Theory in a Changing World: Policy Modelling for Growth* (New York: Oxford University Press, 2005). General discussions of the contracting out of social services include Luke Bretherton, *Christianity & Contemporary Politics: Conditions and Possibilities of Faithful Witness* (Oxford: Blackwell, 2010), Mark Considine, *Enterprising States: Public Management of Welfare to Work* (Melbourne: Cambridge University Press, 2001), Ray Cleary *Reinventing Faith Based Agencies*

persons are referred to organizations that were successful in the tender, and then the organizations are paid for outcomes, such as placing the unemployed person in a job. Job seekers are classified according to the level of job market disadvantage they face, and the organization receives higher payments for placing more disadvantaged job seekers. There are regular tender rounds, where organizations may have their contracts to deliver employment services renewed or terminated, in part depending on a star rating system that measures performance in placing job seekers. Contracting has been extended on a similar basis to many areas of social services, and an even more radical experiment where disabled persons choose their own provider through the National Disability Scheme is currently in progress.

### *Why do governments increasingly want to deliver services this way?*

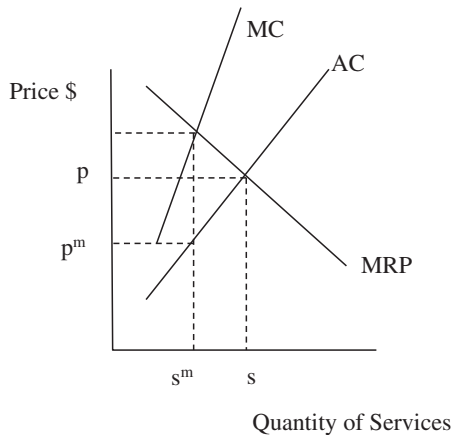
**Lower cost.** In the case of the Job Network the cost to the government of placing unemployed workers in jobs was estimated to have been cut by about one third as a result of the contracting out. This seems a good deal for the government, but whether it is good deal for society depends on whether the cost savings are real efficiency gains or just transfers from others in society to the government (or more accurately transfers from others in society to taxpayers).

Let us consider some reasons why costs might be lower. One might be that there are *greater incentives to manage the organization efficiently under contracting*, because it is the organization's funds which are on the line, and the links between managerial incentives and the bottom line are stronger in a privately owned organization than in the typical government bureaucracy. It does not matter much whether it is a for-profit or not-for-profit organization, in other words whether surpluses can be distributed as profits to the owners, or whether in the not-for-profit case surpluses are distributed as salary and perks to employees, or used to fund expansion. Hence with non-government organizations there will be tighter cost management and stronger incentives to innovate than for a government bureaucracy. If this is the case there are overall benefits to society from contracting out.

There are some other not so happy possibilities. It could be that costs are lower because workers are paid *lower wages* by the church-related not-for-profit organization than by the government provider of social services. This could be due to the absence of unions in the not-for-profit sector, compared to the highly unionized government sector. Gender could be a factor, as not-for-profit social services organizations overwhelmingly employ women, especially at the lower levels of

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(Canberra: Barton Books, 2012), Anthony Housego and Terry O'Brien, 'Delivery of Public Services by Non-Government Organisations', *Australian Journal of Public Administration* 71 (2012): 211–220, Julian Le Grand, *The Other Invisible Hand: Delivering Public Services through Choice and Competition* (Princeton: Princeton University Press, 2007), and John Alford and James O'Flynn, *Rethinking Public Service Delivery: Managing with External Providers* (London: Palgrave, 2012).



**Figure 1.** Monopsony.

the organization, and because they tend to be paid less than men with similar backgrounds in similar roles. Or it could be that religiously committed employees of church organizations are donating large amounts of their time, or being willing to work for lower salaries than if they were working for the government. The extreme case of this is volunteering which has been a large contributor to church-related social service efforts. In any of these possibilities the lower costs represent a transfer rather than an efficiency gain.

Another unhappy possibility is government *monopsony power* driving down the price paid to organizations for delivering social services. Monopsony is like monopoly, but instead of a single seller there is a single buyer in the market. A government as the single buyer of social services can drive down the price in the following way.<sup>10</sup> Figure 1 shows the costs and the value to the government of the social services provided, approximating the social value of these services in a properly functioning political system. Following standard economic assumptions, marginal revenue product of social services declines as output increases, represented by the MRP line in the diagram. Marginal cost of producing social services, represented by MC, increases as output increases and is above average cost AC. In a competitive market for social services the equilibrium price would be  $p$  and the

<sup>10</sup> Further discussion of monopsony can be found in, for example, Hal Varian, *Intermediate Microeconomics* (9th ed.; New York: Norton, 2014). Note that marginal revenue product is the addition to revenue (or here value) from producing an extra unit of the social service and marginal cost the addition to cost from producing an extra unit of the social service. These depend on the valuation society places on getting workers into employment (i.e. preferences), the relationship between inputs to social service and the output which is job placements (i.e. production technology), and the cost of inputs.

quantity  $s$ . However, if there is only a government monopsonist purchasing social services rather than the large number of buyers that exist in a competitive market, MC is equated with MRP and the price can be driven down to  $p^m$  by restricting the quantity of services purchased to  $s^m$ . As well as a transfer from the social service providers to the government under monopsony there is an overall efficiency loss to society. So if the lower costs are entirely due to the exercise of monopsony power then contracting out hurts society.

Another reason why costs may be lower is the *transfer of risk from the government to the social service providers* without adequate compensation. Social service providers are less able to insure against this risk than the government, so when as in the current contracting arrangements they bear most of the cost of fluctuations in demand for social services (which come about through political decisions, the business cycle and other reasons) then there will be a social loss from contracting.

Still another reason for cost savings might be government *free-riding on innovation*. Innovation is a process of trial and error, with many failures and some successes. Under the sort of contracting arrangements we have, social service organizations bear the full costs of innovation, while the government picks off the successful experiments through the tender process, leaving the social service organizations to foot the bill for the necessary but unsuccessful experiments. Prices paid will not reflect the full cost of innovation. Such arrangements save the government money through transfers from the social service organizations, but are likely to reduce long-run efficiency by reducing incentives for social service organizations to innovate.

Similar government free-riding occurs with *training*. The social service organizations bear the full costs of recruiting and training workers, while the government can select those who turn out to be good performers. The social service organizations are left to foot the bill for recruitment and training costs of workers who leave the industry or turn out to be unsuitable. Again the cost saving are a transfer and long-run efficiency losses are likely as the incentive for social service organizations to train workers is inadequate, and so the long-run quality of the workforce will be reduced.

Free-riding can also occur with *infrastructure* accumulated by the churches over many years. It is a sunk cost for organizations tendering for social service contracts, and will not be priced, giving the government a free ride at the expense of past donors to the church organization.

There is one other reason for cost savings that might represent an efficiency gain. Social service clients tend to *trust* not-for-profit and especially church organizations more than government bureaucracies, so to the extent that good social service outcomes depend on client trust, contracting out will generate efficiency gains.

**Politics.** As well as cost savings there are more direct political benefits of contracting out. Social service delivery is often politically sensitive, and when something goes wrong and appears on the front page of the daily newspaper, if the services are contracted out *the government can pass the buck to the contracted social*



*service organizations*. There are risks, of course, of the social service organizations acting in ways that embarrass the government. The experience with Australian contracting has been that despite the rhetoric of empowering civil society the government has tightly controlled the activities of social service organizations through regulations and contract clauses.

The other main political benefit is co-option of social service organizations. In the early days of the Job Network social service organizations were required to clear any public comment on policy with the minister's office. Even though this has been relaxed it is clear to all involved that criticism of the government does not enhance an agency's chances of contract renewal. Co-option is particularly pernicious as it wastes information the organizations have from their first-hand experience of service delivery, which we would expect to be valuable in improving the operation of the sector.

### ***Why do the church organizations participate?***

There are many attractions of contracting out for a politician or government bureaucrat, but why have many church agencies embraced it so enthusiastically?

A common church agency response has been that the agency has been doing good work for many years without adequate resourcing – and government funding allows the agency to do more good work. Many agencies have grown dramatically in the contracting environment. This response assumes that accepting government contracts increases scale without changing the structure and incentives in the social services sector. Most of the criticism of the Australian contracting out of social services has come from churches and representatives of those served who are concerned about precisely this point.

### **Problems with the current contracting arrangements**

Growth of church-related social services under contracting has often gone with a loss of Christian identity. There has been confusion about the identity of the organizations in relation to their parent churches and the government. Sometimes there has been a loss of clarity about organizational mission. In Australia the record is pretty clear,<sup>11</sup> and there are systematic reasons why contracting and loss of Christian identity tend to go together. The most obvious reason is that whereas the organizations were primarily responsible to the church by virtue of formal governance arrangements and the equally important symbolic and

11 Evidence for the loss of Christian identity issues is discussed by Stephen Judd, Anne Robinson and Felicity Errington, *Driven by Purpose: Charities That Make the Difference* (Greenwich, NSW: Hammond Press, 2013), and Ann Nevile, 'The Curse of Accountability: Assessing Relationships in Delivery of Human Services', *Economic and Labour Relations Review* 24 (2010): 64–89. There are wide differences of view about how Christian identity should be expressed.



relational dimensions, they are now responsible to the government. Another reason is that the size of the organizations and complexity of the legal and financial requirements means that different types of people are hired for senior management roles. The pool is very small of potential senior managers who have the necessary skills as well as the theological training and church formation of those who have traditionally led church social service organizations. Size and complexity also tends to distance the organizations from local Christian congregations.

A major problem with the contracting arrangements has been erosion of quality of service.<sup>12</sup> Quality is multi-dimensional and very difficult to measure – including such things as the kindness and respect with which a recipient of the service is treated, or a sense of citizenship and purpose which may be crucial to long-term outcomes (that is, outcomes beyond the point at which outcomes are measured and the organization paid for the service). It is not only hard to observe these aspects of quality, but for them to be included in contracts they must be not just observable but verifiable to a third party in a court of law.<sup>13</sup> And, of course, there is more to human flourishing than a contracted outcome like placement in a job of some sort. There is strong anecdotal evidence that these unverifiable aspects of quality have been neglected.<sup>14</sup> The complete erosion of these dimensions of quality in search of lower costs has in my view been restrained by the commitment of the church agencies and their staff, working against the contractual incentives.

The contracting arrangements have greatly reduced sharing of information and collaboration between agencies. They are now competitors in placing clients and the success of one agency reduces the chances of another agency's contract being renewed, and hence the security of the jobs of agency case managers' jobs.

Many in the sector are concerned about the impact of contracting arrangements on integrated service delivery – that is, looking at a client as a human being and tailoring a range of services to promote their flourishing. Contracts tend to be written by different parts of the government, such as health and employment, to reward particular outcomes, which may not be the best overall approach to the client's well-being.

All of these problems have contributed to the workforce crisis in social services. At the level of workers and case managers there has been a growing frustration with the inflexibility of the system, the lack of capacity to assist long-term flourishing of individual clients. Combined with poor pay and conditions driven by the

12 The erosion of quality of service is documented by Siobhan O'Sullivan, Jenny M Lewis and Mark Considine, 'Quasi-Markets and Service Delivery Flexibility Following a Decade of Employment Assistance Reform in Australia', *Journal of Social Policy* 40(4) (2011): 811–833.

13 For the Job Network the star ratings system supposedly measures quality and is used by the government as part of the contract renewal process. However, the star ratings are based on the rate of placing clients in jobs, and thus would seem to be a measure of quantity rather than quality of service.

14 Linton Besser's investigations exemplify this. See, for instance, 'False Claims Boost Chance of Survival in Jobs Game', *Sydney Morning Herald* (19 December 2011).

contracting process this has meant big problems for the agencies in attracting and retaining staff. Discussion with staff indicates that the loss of Christian identity has reduced the attraction of the church social service agencies to well-qualified and committed staff who were previously prepared to work hard for modest pay for a Christian organization out of a sense of mission. Volunteering in the sector, including volunteering by church members, has fallen dramatically. At the leadership level there is great concern about finding the next generation of leaders for these organizations that have both the business skills needed to run large and complex organizations and the Christian formation necessary to maintain the Christian identity and mission that has made the organizations so effective in the past.

The current regulatory and contracting framework for the delivery of social services is not sustainable, threatening the long-term health of the church social service organizations, which reduces their capacity to deliver the high-quality services the government has come to expect. It is the people at the bottom of Australian society who will be most affected by any decline.

### Improving social service arrangements

A temptation is to blame the government for all the problems and look to the government to solve them. However, the churches in my view are at least as important as a source of change in the sector, and in the end the government only has control of the regulatory framework and the contracts – change comes through the church organizations which respond to the incentives. Some actions by governments and churches which could make the arrangements more sustainable are outlined below.

A problem with the discussion is the low and declining understanding of religion, and in particular of Christian thought (or theology) in the Australian population and in the public service. Hiring graduates with a background in religious studies or theology would help, as would promoting undergraduate and postgraduate research training in this area, and opening up the national research grants system to theological colleges which have traditionally been outside the university system. Sponsoring workshops around key public policy issues that bring together scholars of religion and those from other disciplines would be another contribution to raising the government's stock of expertise in this area, and reducing the risk of policy disasters from ignorance of the religious dimensions of issues.<sup>15</sup>

15 The need for education about religion for public policy makers, and better support for research on religion in Australia is discussed in the context of the history of Australian higher education in Paul Oslington, 'Religion and Australian Universities: Tales of Horror and Hope', *The Conversation* (10 February 2014) [accessed 17 November 2015]. Online: <http://www.theconversation.com/australian-universities-and-religion-tales-of-horror-and-hope-23245>. This discussion is supported by underlying statistics and spreadsheets on Australian Research Council grants awarded in religion and theology. These are available online at <http://ac.edu.au/faculty-and-staff/paul-oslington/>.

Naivety on the part of the churches and church organizations about the historical, communal and theological bases of their capacity to deliver services has contributed to the problems. Some organizations have been seduced by the government dollar. Some have been seduced by the illusion of power in a society where churches have been losing numbers and influence.

A contributor to the naivety of the church organization has been the parlous state of Australian theological discussion in the relevant areas. We need an investment in ecclesiological research to clarify the nature and role of these organizations in relation to churches and the government.<sup>16</sup> We need a stronger and clearer theological basis for Christian service of our nation, as distinct from accommodation to a culture of size and success. We need a better theological understanding of the state, in our Australian context. Perhaps most of all we need a better theological account of markets, so the church organizations can tread more surely in the new environment of markets and contracts.<sup>17</sup> Misguided thinking on this has inhibited some social service organizations' engagement with the quasi-market contracting arrangements, while for others it has meant too uncritical an engagement. There is both a basic research and a dissemination aspect to improving the state of theological discussion in the churches and church organizations. Like most of the suggestions in this section both the churches and the government have roles here; the government especially has a role in supporting basic research.

Most urgent is restoring autonomy of the church social services organizations. Contracting out recognizes that the church organizations have something that allows them to do a better job of service delivery than the government. Yet the government as well as setting up a system of outcomes based payments has micro-managed the agencies<sup>18</sup> in a way that undermines their freedom of action, and is inconsistent with the rationale of contracting out. Many of the detailed rules and arbitrary interventions seem to be about avoiding political embarrassment for the incumbent government rather than improving outcomes, and must stop. A minimal and clear set of rules for agency behaviour is needed, and less administrative paranoia about possible actions of agencies.

Besides freedom from excessive and arbitrary regulation, another aspect of autonomy is lack of dependence of the organizations on government funding. When organizational survival depends on continuing government contracts a church social service organization is on dangerous ground. Such dependence is

16 Avery Dulles, *Models of the Church* (expanded ed.; New York: Doubleday, 2002) is an accessible survey on ecclesiology, by a Roman Catholic author.

17 A survey of Christian attitudes to markets may be found in Paul Oslington (ed.), *Oxford Handbook of Christianity and Economics* (New York, Oxford University Press, 2014).

18 Further discussion in Myles McGregor-Lowndes and Amanda McBratney, 'Government Community Service Contracts: Restraining Abuse of Power', *Public Law Review* 22(4) (2011): 279–297 and Considine, Lewis and O'Sullivan, 'Quasi-Markets and Service Delivery Flexibility'. Cath Finney has analysed religious exclusion clauses in many government contracts, but her work is so far unpublished.

probably not in the government's long-term interest anyway because of the effect on completion in the sector.

Moreover there is a case for negotiation over these rules, and the specification of outcomes. More meaningful partnership which recognizes the specialized knowledge of the agencies has been urged for some years by Peter Shergold, who was the key figure in the design and implementation of the original Job Network.<sup>19</sup> Allowing greater autonomy in employment policies is needed, especially at leadership level, to preserve the mission and identity of the church social service organizations.<sup>20</sup>

Less concern about separating evangelism from social action is also needed. One of the consequences of our government bureaucrats' ignorance about religious matters is that they don't recognize that some of the best social service action has emerged from the church contexts where evangelism and social action have been integrated. Of course, withholding services as a means of persuasion and other forms of coercion are not on, but would also be ruled out by good theology. This is a further reason for the government to invest in improving the level of Australian theological understanding.

Maintenance of organizational identity and mission is necessary for organizational survival, and intimately related to employment and evangelism issues. For any of this to be effective the churches and social service organizations need to think harder about what they are about – or in the language of academic theology clarify their ecclesiology.<sup>21</sup> This should be funded like other type of maintenance; a theological research and education unit is just as important for organizational survival as regularly painting the gutters.

19 See Peter Shergold, 'Professor Peter Shergold Urges Governments to Use the Expertise of Social Service NGOs'. More collaborative approaches are suggested by Ann Neville, 'The Curse of Accountability' and John D. Donahue and Richard J. Zeckhauser, *Collaborative Governance* (Princeton, PUP, 2011).

20 The suggestion in Paul Oslington, 'Keep Christian Social Service Delivery Christian', *ABC Religion and Ethics* (23 March 2012) [accessed 17 November 2015]. Online: <http://www.abc.net.au/religion/articles/2012/03/23/3462540.htm>. The suggestions about employment policies and education for mission maintenance particularly provoked the internet trolls. To properly equip Christian leaders to maintain mission and identity some higher education programmes which combine theology with business skills are available, or soon to be available, for instance Alphacrucis College Master of Leadership and the University of Divinity Diploma of Community leadership programme. Australian Catholic University has run short courses on mission and identity for some years for leaders of the Catholic health and education organizations.

21 An example of thinking in the social service organizations is Ray Cleary, *Reinventing Faith Based Agencies* (Canberra: Barton Books, 2012), but in my view more is needed. A conference, Recapturing our Soul: Congregations, Agencies and State Relations, bringing together theologians and practitioners, is planned at the University of Divinity for September 2016.

## Further religious threats

In the last section the focus was on government ignorance and heavy-handedness and church naivety as threats to the Australian settlement,<sup>22</sup> and how they can work together to improve social service contracting and regulatory arrangements. If and when some of these problems are fixed there remain larger religious threats to the Australian religious settlement.

The decline of religious participation and vitality is an obvious threat because if there is no religion then the religious settlement is obviously over. The theological and then practical disaster of the Uniting Church in Australia over the last three decades is a warning to our churches. Equally dangerous is a shift towards individualistic religion.<sup>23</sup> Such a deformed religion lacking the communal dimension and social responsibility would be incapable of sustaining the Australian settlement. Confusion and disconnection of social service organizations from local congregations is another danger. There are some examples of this, but Anglicare Sydney is an example of how it is possible to reverse such a trend for the benefit of both the organization and the churches. It is notable that this has gone with an investment in research staff and the appointment of a theologian in residence. Other examples can be found among the Roman Catholic agencies.<sup>24</sup>

Still another threat is the influence of assertive public religion such as the American religious right.<sup>25</sup> Such religion threatens the Australian settlement because it seeks power so as to be able to use the state as its instrument in

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- 22 Settlement is used here in the sense of a stable political compromise, as in the post-Second World War Australian political settlement characterized by high tariffs, a centralized wage fixing system and immigration.
  - 23 Religion seems to be becoming more individualistic in the sense of emphasizing personal salvation and neglecting the communal practices. Church attendance has fallen more than belief, and religious volunteering is down. See, for example, Bouma, *Australian Soul*, 53 and 84, and recent NCLS Research findings. The New Age movement and people who identify as spiritual but not religious provide other examples of the individualistic drift of Australian religion.
  - 24 Strategies for recovering religious identity and mission are considered by James R. Vanderwoerd, 'How Faith-Based Social Service Organizations Manage Secular Pressures Associated with Government Funding', *Nonprofit Management and Leadership* 14(3) (2004): 239–262 and Douglas Hynd's PhD thesis in progress at Australian Catholic University. Internal papers produced by Anglicare and other social service organizations discuss these questions extensively, but tend not to be in the public domain.
  - 25 The danger of the American religious right is highlighted by Marion Maddox, *God under Howard: The Rise of the Religious Right* (Sydney: Allen and Unwin, 2005), though in my view she misunderstands Australian Pentecostals – the incursions of the religious right have been greater in other parts of evangelicalism.

remaking society.<sup>26</sup> It lacks the self-critical and democratic elements of Australian religion, which has mostly respected the role of democratically elected governments to set policy.

## Conclusion

The Australian religious settlement – a peculiarly Australian utilitarian partnership between religious and national life – is worth preserving. It has delivered an enviable record of religious harmony, and high-quality low-cost social services. Collapse or slow decline of church social service organizations, through either government mismanagement or the religious threats, would leave the government with a massive problem and be a disaster for the most vulnerable in our society. It cannot be allowed to happen when a diagnosis of the problems and suggestions for improvement exist. Many relate to the religious dimensions of the current social service arrangements. There is an opportunity here for theology – that much maligned and supposedly useless academic discipline – to serve our churches and nation through clarifying and renewing the mission and identity of the church social service organizations.

Increasingly in the future it will not just be our Christian theologians and churches, but also our mosques, Buddhist communities and other religious communities who will have important roles in the Australian religious settlement. Even the new atheists are welcome at the table if they want to start the Richard Dawkins hospice or the Christopher Hitchens soup kitchen, with the associated study groups on how atheist philosophy provides a basis for such service to the community. Finally, there is an opportunity for a refined and appropriately theorized Australian religious settlement to be a model of the relationship between sacred and secular in other places, including some of the rapidly developing and religiously diverse societies in our region that are looking to develop viable social services sectors.

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26 The anti-democratic tendencies of both the American religious right and the new atheists are considered by Jeffrey Stout, 'Presidential Address: The Folly of Secularism', *Journal of the American Academy of Religion* 76 (2008): 533–544. Miroslav Volf, *A Public Faith: How Followers of Christ Should Serve the Common Good* (Texas: Brazos Press, 2011) persuasively argues that political pluralism is perfectly compatible with, perhaps even implied by, mainstream Christian commitments. This is so even for religious exclusivists who believe that their own scriptures are true and others false, or that their own religion is the only way to salvation.

**Author biography**

**Paul Oslington** joined Alphacrucis College in Sydney in early 2013 as Professor of Economics and Dean of Business. Alphacrucis is the College of the Pentecostal movement in Australia, which will become our first private non-Catholic Christian University. From 2008 to 2013 he had a joint appointment as Professor in the Faculties of Business and Theology at Australian Catholic University, where he remains an Adjunct Professor. He was previously Associate Professor of Economics at the University of New South Wales, with visiting appointments at University of Oxford in 1999, University of British Columbia in 2003, and Princeton Theological Seminary and University in 2007. He holds an MEc(hons) and a PhD from the University of Sydney and a BD from Melbourne College of Divinity (now University of Divinity), and is currently completing a DTheol at University of Divinity.