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The changing face of voluntary welfare provision in New Zealand

Simon Crack[a,*], Sarah Turner[b], Brian Heenan[c]

[a]*New Zealand Ministry of Social Development, Wellington, New Zealand*
[b]*McGill University, Montreal, Canada*
[c]*Formerly University of Otago, Dunedin, New Zealand*

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Abstract

This paper contributes a micro-level analysis of voluntary welfare providers, an under explored avenue of geographical research. It analyses the localised social impacts of the macroeconomic restructuring of the Welfare State in New Zealand in the 1980s and 1990s on the work of voluntary service organisations (VSOs) and drop-in centres (DICs) as spaces of care in Dunedin, a small South Island city. We document differences among VSOs and DICs in terms of funding, clientele, and adjustments to service provision to satisfy increasing numbers of patrons and the changing composition of demand. Our findings suggest policy recommendations which, we believe, would do much to enhance the ability of both DICs and smaller VSOs to meet client needs.

Keywords: Voluntary welfare provision; Voluntary service organisations; New Zealand; Neo-liberal reform

Introduction

> Mary is a 60-year-old woman who was deinstitutionalised from a mental health facility in the early 1990s and who is a regular patron in a drop-in centre in Dunedin [New Zealand], spending at least three hours there every day. Mary does not have any children, and lives alone in Dunedin's inner city, a five-minute walk from the drop-in centre. A friend first referred her to the agency over a decade ago, and during that time, Mary has developed a close bond with the administrator and her fellow patrons, so much so that she sees them as her "extended family". During her visits to the drop-in centre, Mary enjoys reading the paper, as well as sitting down with her friends, "having a cuppa, and just talking and laughing". The agency's administrator recently advocated on behalf of Mary to Work and Income [a State department] because she was not receiving the level of income support to which she was legally entitled. Since that time the administrator has also set aside two hours every week to helping Mary improve her reading and writing skills (Fieldwork notes; pseudonym applied).

Mary's abridged biography provides poignant insight into the integral role played in her life by the voluntary welfare provider—a drop-in centre—that

*Corresponding author. Tel.: +64 21 167 4155.
E-mail address: simon.crack003@msd.govt.nz (S. Crack).

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she patronised in Dunedin, a small New Zealand city. Her experience epitomises the important role of such agencies in the landscape of social services in New Zealand generally. Agencies like the drop-in centre patronised by Mary and by many others like her provide a sanctuary of inclusion and moral support, yet they also rely upon very limited resources, notably funding, in seeking to improve the material well being of such clients.

Historically, voluntary welfare providers in Dunedin and across New Zealand, as elsewhere in most of the industrialised West, have supplied social services to those in need, often independently of the State (Ross, 1967; Clark, 1997). Yet perhaps ironically, State-inspired social welfare reforms in the 1980s and 1990s generated in New Zealand a rapid increase in the number of such voluntary welfare providers (and in demand for their services), especially from the early 1990s onwards (Wilson, 2001).[1] It is widely believed that these trends were triggered by the emergence of the 'new' poor, engendered by the impact of benefit cuts introduced by the (right of centre) National Government in 1991. This, in turn, encouraged drop-in centres (DICs) and other voluntary welfare providers to develop a more diverse service base (Boston, 1992; Kelsey, 1998; Stephens, 1999). Such providers aim, in general, to procure sustainable changes in the lives of clients with the ultimate goal of eliminating long-term dependence on social assistance (Saville-Smith and Bray, 1994; Morrell, 1995). However, as St John (1994) suggests, and the New Zealand Council of Christian Social Services (2004) concurs, 'social change' goals are difficult to accomplish in New Zealand when the majority (approximately 70 per cent) of voluntary welfare clients are totally or partly dependent for their livelihood on State-funded income benefits.

This paper contributes a micro-level analysis of voluntary welfare providers, a largely under explored avenue of geographical research (Fyfe and Milligan, 2003). It documents how the New Zealand Government's social welfare reforms influenced the capacity of voluntary welfare providers to play a role in promoting the well-being of the local population. In particular, this paper advances our understanding of the roles of two key types of voluntary welfare providers, that is voluntary service organisations (VSOs) and DICs, as spaces of care in the New Zealand context (Conradson, 2003). VSOs provide formalised client advocacy and empowerment services, and are either nationally affiliated charitable organisations, or supported by government funds. In contrast, drop-in-centres are more informal in their operations, tending to be locally operated and organised. We compare the funding bases accessed by such providers, as well as the inclusionary and exclusionary practices and processes implemented by them.

Important foundations for this study were found in recent UK research that offers insight into the relationships and dynamics occurring inside voluntary welfare agencies, and the contestability of public space as a result of the actions of such providers and the different actors involved.[2] Investigating the dynamics of 'soup runs', Johnsen et al. (2005) explore the nuanced and often contested relationships that occur at the interface between clients, providers and the public. Moreover, the same authors (Johnsen et al., 2004) offer important critical findings on the role of day centres in providing for homeless people in the UK. They argue that the services offered, as well as the perceptions of the service users themselves, are shaped by complex and contestable client–provider relationships. Important variables that shape the dynamics of such services include the importance of both the provider's delivery ethos and the power relationships that occur amongst the clients themselves. These studies draw upon Parr's (2000) seminal research that explores the institutionalised nature of the social processes of inclusion and exclusion in a British drop-in centre. In addition, Conradson (2003) investigates the role of DICs as 'spaces of care' revealed by the narratives of the patrons themselves. We draw on these papers, as well as the work of Fyfe and Milligan (2003) focusing on contemporary changes in voluntarism

[1] In New Zealand, approximately 30 000 community organisations existed in 2001, with on average 2000 new agencies created each year. However, in the context of this study, this figure must be qualified in the sense that not all of these agencies were welfare providers. International comparisons of the numbers of voluntary providers pose a challenge because of differences in their definition and role. However, New Zealand has a greater proportion of charitable organisations per head of population than Australia, which has a similar legislative framework governing charities (Ministry of Social Policy, 2001).

[2] Noteworthy work has also been undertaken in the USA on voluntary, non-profit organisations by Wolch (1989, 1990) and Twombly (2001), amongst others (see Fyfe and Milligan, 2003 for a review). However, we concentrate here on the UK literature because of that country's closer experience with New Zealand's welfare reforms.

in advanced capitalist states, to develop an analysis of the roles of VSOs and DICs in our New Zealand setting.

Moving to the New Zealand scene, Gleeson and Kearns (2001) contend that a 'remoralising' of landscapes of care is needed. They argue that the political and theoretical constructions of deinstitutionalisation—if viewed through an inclusive ethics paradigm—could be reviewed to reshape policy design and, in turn, more adequately accommodate the needs of key interest groups such as service users, providers and local communities. Kearns and Joseph (2000) offer further critical insight, exploring the adverse effects that rapidly increasing housing prices in the late 1990s had in reshaping community care for the voluntary welfare sector in Auckland, New Zealand's largest city. In particular, Kearns and Collins (2000) have critically reviewed the declining number of children's health camps in New Zealand in a case-study of the difficulty social service agencies have in eliciting adequate service funding from the State. This impediment is also evident amongst the smaller voluntary welfare providers discussed in this paper, drawing as we do upon the work of the authors reviewed above as well as research by others like Kearns and Barnett (2000). In doing so we use information from a sample of VSOs and DICs in Dunedin, New Zealand to add to existing knowledge about the localised, micro-level social effects on and challenges to voluntary welfare providers that stem from recent macroeconomic restructuring.

Dunedin, located on the east coast of the South Island of New Zealand, is a small city with a population of approximately 115 000 people in 2001 (Statistics New Zealand, 2004). It has a cross-section of nationally affiliated providers as well as smaller, community run centres that offer different forms of welfare provision, such as counselling, addiction advice, food parcels and drop-in facilities. In effect, VSOs and DICs in the city represent a microcosm of the wider New Zealand landscape of voluntary welfare provision in the post-restructuring era, at least in smaller New Zealand cities that allows comparisons to be made amongst voluntary welfare providers of different size and purpose.

Our discussion is presented in five sections. Firstly, we detail the recent restructuring of the Welfare State in New Zealand, focusing upon both the benefit cuts of 1991 and the rapid deinstitutionalisation of mental health consumers—such as Mary, introduced above—in the 1970s and 1980s. Also discussed in this section is the creation of the 'new poor' in New Zealand, one of the principal social impacts of restructuring. In the second section we examine the consequences of restructuring on voluntary welfare providers, highlighting the different impacts upon large VSOs, small VSOs and DICs in Dunedin. The third section addresses the changing face of welfare provision in Dunedin's VSOs and DICs in terms of a comparison of clients and service provision. In the discussion, the fourth section, we reflect upon how the VSOs and DICs surveyed have adapted to meet new and increasing demands for services as a direct result of the social welfare reforms in the 1990s. We compare these experiences with those of other Western industrialised countries. In particular, we show that there is a need to find ways by which DICs and smaller VSOs especially might be supported by the State in mitigation of the adverse effects of a current contracting system that clearly inhibits their ability to adequately fund services and therefore meet client demand. This leads us, in the conclusion, to consider several policy recommendations on funding arrangements between the State and voluntary welfare providers in the New Zealand context.

To develop our understanding of the changing face of voluntary welfare provision in Dunedin, we interviewed key informants and undertook a questionnaire survey of voluntary welfare clients, as well as a programme of participatory observation. All field research took place during 2002, on the premises of voluntary welfare providers. Using purposeful sampling, 10 key informant interviewees consisting of a mix of local welfare administrators and their support staff were asked to participate in our study, seven from VSOs and three from DICs, as displayed in Table 1. For analytical ease, we have demarcated these agencies into several subgroups according to their size and category of services offered. Further analytical distinctions that emerged from our research included that VSOs were commonly, although not always, church-based, nationally affiliated organisations, were often recipients of sizeable State-funded social service contracts, and frequently processed more than 1000 clients each, *per annum* (VSO project manager, pers. comm., 25/7/02). Conversely, DICs were usually 'community' or locally operated providers that generally offered informal, unstructured services, primarily based on networks of mutual support. Most such DICs, at least at the time of our survey, faced persistent financial insecurity.

Table 1
Participating voluntary welfare providers

Voluntary welfare provider type	Sub-group of provider type	Interviewee
Voluntary Service Organisations	Nationally affiliated, and/or large scale charitable organisations	Project Manager Administrator Manager Client Advocate Project Manager
	Christian, social service centre	Social Services Manager
	Independent community centre	Lead Administrator
Drop-in Centres	All locally operated providers	Administrator Volunteer Client Manager

As represented in Table 1, the seven VSOs that took part in our study offered formalised client advocacy and empowerment services, and were either nationally affiliated charitable organisations or supported by government funds, the latter well illustrated by one large-scale charitable organisation that was designed exclusively for 'at risk' youth aged between 13 and 20. Four more of the seven VSOs surveyed were also large, but these were nationally affiliated organisations offering a diverse range of advocacy and empowerment services, such as budgeting advice and family counselling sessions, using professionally trained and qualified staff employed by the organisation. New clients often entered these premises looking for short-term assistance, such as a food parcel, but would frequently be guided towards using other services as well, for example advocacy and counselling. Another VSO—a faith-based social service centre—was smaller in terms of client load, although it still provided a range of counselling and advocacy services for clients on site. The final VSO included in our sample was a small, community centre offering an advocacy service administered by one volunteer staff member. As a consequence, services were able to be provided only on weekday afternoons. The three DICs surveyed were locally operated organisations. One focused almost exclusively upon helping deinstitutionalised mental health clients such as Mary, another offered a space for unemployed people to congregate and meet their friends, while the third offered an emergency accommodation service and a drop-in centre that catered for relaxation, mutual support and prayer.

Key informants in all locations were asked about their perceptions of the specific effects of economic and social reforms on their centres, including the services they offered and how (if at all) their service base had evolved to meet the changing needs of their clientele. In order to elucidate client perceptions of the services offered by VSOs and DICs and, more importantly, the role such agencies played in their lives, we asked the director of each surveyed agency for permission to distribute a questionnaire in their premises, a request acceded to by six of them. Questionnaires were completed by 115 respondents, 77 of whom were users of VSOs (28 male, 43 female, six 'no responses' to the gender question), the remaining 38 being clients of DICs. The latter comprised 21 males, 15 females and two 'no responses'. In terms of age, the surveys revealed substantial differences between the clients of VSOs and DICs, respectively. Seventy one per cent of the respondents in VSOs, but only 39 per cent of DIC patrons, were 40 or less years of age. Our empirical data were further complemented by the use of participatory observation, undertaken in each of the 10 centres surveyed. This allowed us to gain a deeper understanding of activities undertaken by clients and of the social interactions amongst them, and between them and welfare providers (Parr, 1998).

Restructuring and the 'new poor'

Much as found in the UK and to a lesser extent in Australia, the charitable endeavours of voluntary welfare providers in New Zealand during the nineteenth and early twentieth centuries were based primarily on church congregations caring for the marginalised who sought their assistance. In the twentieth century, however, the sector became more secular. This was confirmed in the 1930s by the implementation of the *Social Security Act* (1938) by

the first Labour Government. This legislation enabled the State to increase its role as a supplier of social services that complemented those offered by the voluntary sector (Malcolm, 1993; Bassett, 1998; Kelsey, 1998).[3] Later, in the mid-twentieth century, reflecting the prevailing Keynesian macroeconomic thinking of the time, the State implemented policies that sought to actively intervene in the economy through public sector funding, some of it used to assist voluntary organisations to provide welfare services (Clark, 1997).

Later again, during the term of the fourth New Zealand Labour Government in 1984–90, and that of the National Government that succeeded it, the economy was fundamentally restructured, the policy changes made having a major impact on the social welfare system.[4] This transformation—like the macroeconomic restructuring undertaken at much the same time in many industrial societies—was characterised by the State's partial retreat from being a principal funder of voluntary welfare providers while allowing them to function as they saw fit, towards funding according to neo-liberal ideals of efficiency, contestability and accountability (Kearns and Barnett, 2000; Kearns and Collins, 2000).

The fourth Labour Government's reforms of economic and social policy took place in New Zealand at a rate unparalleled internationally (Leslie, 1996). Moreover, as already mentioned, these policy realignments were continued by the National Government elected in 1990. It was to the latter that Treasury recommended extensive revisions of the social security portfolios that the previous government had been unable to complete.[5] Such further restructuring of the Welfare State was justified on the grounds that the latter was "…economically damaging, socially and morally corrosive and ultimately self-defeating" (Boston, 1992, p. 24). Acting on Treasury's advice, the Minister of Finance delivered, in December 1990, a package that significantly altered New Zealand's social welfare system, culminating in the 1991 benefit cuts.[6] The rationale for reforming income support was based on the concept of 'reciprocal obligations'; in other words, with decreased incomes, it was argued that beneficiaries would be motivated to actively seek employment instead of relying on 'Government handouts' (Green, 2001).

The reductions in State assistance for those in need ranged across the spectrum of income support and created a vast increase in demand for voluntary welfare services. Demand was also intensified by yet another consequence of the neo-liberal reforms—the process of deinstitutionalisation. The movement back into the care of the 'community' of a significant proportion of mental health patients altered both the number of clients and mix of services offered by several voluntary welfare providers.

As a consequence of these reforms, welfare beneficiaries were increasingly forced to rely on the community and in particular on the voluntary welfare sector for social services that had previously either not been required, or had been supplied by the State. Certainly, recent estimates suggest the need is great, to the extent that approximately one-quarter of New Zealand children experience 'poverty' on an everyday basis (Ballantyne et al., 2004; see also Turner and Turner 2003; Perry, 2004).[7] In addition, another source, the New Zealand Council of Christian Social Services (1998), calculated that about one in every five New Zealand households experience poverty on a daily basis. Certainly, in Dunedin, our case study location, the closure and relocation of several major industries in the early 1990s to larger New Zealand cities precipitated a decline in regional economic growth and exacerbated the impact of Government's social welfare reforms, leaving an increased number of the city's residents more heavily reliant on voluntary providers for welfare support (Jackman, 1992; Billing, 1998).

In turn, the providers involved had to redefine their roles and functions in order to accommodate not only the increasing client demand for foodbanks

[3]For reviews of the history of New Zealand's Welfare State, see Barretta-Herman (1994); Bassett (1998) and Lewis and Moran (1998).

[4]The Labour Political Party in New Zealand, through such macroeconomic restructuring, distanced itself from its core ideals of universal access to health, education and social security, favouring instead a more 'right wing', neo-liberal public policy strategy such as that usually advocated by the slightly right of centre National party (James, 1997).

[5]The New Zealand Treasury is the Government department concerned with the financial management of New Zealand's macroeconomic policy and State-owned resources (Green, 2001).

[6]For a comprehensive description of the specific benefit rate reductions, see St John (1994), while Wiles (2002) provides an account of the restructuring of health care services.

[7]Whilst poverty thresholds are difficult to quantify and, furthermore, fluctuate according to the scale used, these studies begin to show the scope of the impacts of the State's welfare reforms.

services but also for advocacy and empowerment services (Povey, 2002).[8] Whilst it is impossible to accurately gauge the number of patrons of voluntary welfare providers in Dunedin because some smaller agencies do not keep formal records, Povey (2002) has estimated that each year over 1000 clients regularly use foodbanks in the city. The number of patrons who frequently (more than once a week) visit DICs is harder to quantify, although one DIC administrator (pers. comm., 2/8/02) estimated that a 'client pool' of approximately 300 people were visiting DICs in Dunedin at the time of our survey.

Reform consequences

The 'contract culture'

Neo-liberal pressure expressed in policy shifts designed to stop the '*ad hoc*' subsidising of voluntary welfare providers, triggered a fundamental shift in the relationship between the voluntary sector and the State in New Zealand from the late 1980s. In line with the macroeconomic reforms of the time, market-based models of social service delivery were implemented by the State (Nowland-Foreman, 1995; Ministry of Social Policy, 2001). Contract funding of voluntary welfare providers was not only introduced but also awarded to those able to satisfy the State that they too could make market-based administrative adjustments to meet the demands of public accountability of expenditure (Ministry of Social Development, 2002). From 1989, the Labour Government sought to formalise its relationship with voluntary welfare providers through rigorous, competitive, social service contracts. The shift to 'purchase-of-service contracting' involved the State buying social services from these providers who were 'encouraged' not only to implement business models of efficiency, but also to meet specific performance criteria set by the State, rather than by the agencies themselves (Wilson, 2001). As in Britain where "the rise of a contract culture generated further tensions for many agencies in the 1990s, especially in regard to competitive funding regimes and the associated accountability requirements" (Conradson, 2003, p. 514), the effects of competitive service contracting on voluntary welfare providers in New Zealand, as outlined below, were substantial.

A crucial result of this change in funding procedures was that the bigger VSOs, due to their greater public and political visibility and larger initial resources, were better positioned to bid for and win government contracts. Not surprisingly, an increasing gulf emerged in the financial resources and the scope and quality of services offered by large, often church-based VSOs, compared with smaller, often community-operated VSOs and DICs (Cull, 1993). State funding gained by larger VSOs enabled them to offer a broader range of services which, in turn, gave them a greater ability to not only secure stronger additional resourcing from public donations but also to produce and implement strategic business plans. In essence, VSOs were better able to 'sell' themselves in social service contracting negotiations with the State (Clark, 1997; large-scale VSO administrator, pers. comm. 26/7/02). The shift to competitive contracts widened the gulf in funding between larger VSOs on the one hand, and DICs and smaller VSOs on the other, and has, we argue, become a self-reinforcing cycle. As a result, the financing of larger voluntary welfare providers is almost exclusively based on often substantial State contracts for a specified period, whereas smaller providers are mostly, if not entirely, funded through modest community grants and donations of money and goods.[9] This means that smaller providers function typically at a 'subsistence' level of service provision, a point well elucidated by the client manager of a small DIC in Dunedin (pers. comm. 9/8/02). His difficulty, he explained, lay in providing a rationale for not operating the food parcel service often requested by clients:

> We can't give food here, it's as simple as that because we can't afford it. Basically all we can give them is stuff we can nuke [microwave] from

[8] A foodbank is defined as a place where donated food is received, sorted and stored by voluntary welfare workers, and then distributed, usually from agency premises, to those in need. Foodbanks are a third form of voluntary welfare provider that has grown significantly in number, in line with demand for their services. The considerable impacts of the social reforms on these have been documented elsewhere (see Crack, 2001; Povey, 2002).

[9] Voluntary welfare providers not in receipt of contracts are able to apply for small amounts for operational funding—over and above any public donations they can elicit—from the Community Organisation Grants Scheme, administered by the Department of Internal Affairs (Department of Internal Affairs 2004: online). These grants, however, are distributed principally for capital funding, not operational funding (wages, food, activities) which is often of more immediate need for the small DICs in Dunedin that operate in a persistent state of financial flux (DIC volunteer, pers. comm., 8/8/02).

> the freezer or stuff that is given to us…we've got a contact with a bakery and they have been bloody good to us, we get all of the leftovers at the end of the day but that's pretty much it in terms of lunch we can provide.

In Dunedin, several smaller VSOs and DICs have found that the fragile funding system on which they depend has negated their ability to provide the comprehensive advocacy and empowerment services more readily available to clients of larger, often church-based organisations in the city (DIC volunteer, pers. comm. 8/8/02; see also Ministry of Social Policy, 2001). In effect, for Dunedin's smaller VSOs in general, and DICs in particular, the State contracting environment has routinely undermined their service base by denying them the resources available to larger organisations. Moreover, as our case study data indicate, the inadequate funding available to smaller DICs forced them to provide only reactive services to meet client needs (DIC volunteer, pers. comm., 8/8/02). Such a strategy in turn often limits the ability of DICs to generate real change in their client's lives, simply because they are often unable to offer the sorts of proactive advocacy and empowerment programmes almost exclusively provided by larger organisations.[10]

Yet, perhaps surprisingly, questionnaire responses revealed a preference among DIC clients for such agencies, where they had established contacts with people whom they knew and trusted, rather than elsewhere, for instance in larger VSOs, offering a wider range of services. For example, Don, a single male in the 61+ year old age group and a regular patron of one of Dunedin's DICs, explained how his attachment to the centre derived from his inclusion within the networks of reciprocity that existed there, and from the way in which "they [the DIC administrators] really make me feel at home here. They don't mind me putting my feet up, having a chat with my mates and having a cuppa". A similar experience was reported by Dave, also an habitual visitor to another central-city DIC. In the 21–40 year old age group, he declared that over the previous four years, the DIC had always "offered a friendly and helpful service where I could be myself without being judged by my personal appearance". Mary, introduced earlier, appreciated the DIC she visited because it helped her "get back on track".

As reported above, the positive experiences of Don, Dave and Mary contrast sharply with the quite negative responses of two VSO clients, Liz and Sue. When asked if she felt comfortable in the agency, Liz stated bluntly that "when I approach the desk far too many people can hear my problems and that makes me feel uncomfortable and embarrassed" (single mother of two, 21–40 years of age). Sue, a woman in the same age bracket, added that she found the atmosphere uncomfortable in the VSO because "…it's so formal in here it's like going to WINZ. I wish I could stay longer and have a cup of tea [and] not get shoved out the door after 5 min".[11] The discrepancy found in our survey between the best funded VSOs recording lower 'client satisfaction' ratings and the modestly funded DICs gaining higher 'client satisfaction' is an intriguing point that is directly pertinent to the policy recommendations we make in the conclusion to this paper.

Currently, as documented in the previous discussion, small voluntary welfare providers are not often successful in tendering for State social service contracts in competition with larger more 'professionalised' VSOs. Thus, in its present form, the contracting environment is not only biased in favour of larger rather than smaller welfare providers but also undervalues and undermines the vital role that many providers, notably DICs, play in the lives of their clients, including their personal well being. Although clearly preferred by

[10]This strategy continues despite a Government 'Statement of Intent' document released in 2001 outlining high-level principles for improving the community-government relationship (New Zealand Government, 2001). This statement formally recognises the unique role that community and voluntary providers play in New Zealand society, and that such providers are often better positioned to deliver social participation and social equity goals to those in need, on behalf of the State. This Statement of Intent formed the basis of the Report of the Community-Government Relationship Steering Group (Ministry of Social Development 2002) a working party established to facilitate the implementation of practical ways to further develop the relationship the State has with the community/voluntary sector. Although the Steering Group found that the State acknowledged the invaluable role these providers play in the community, it also noted that the convoluted nature of the application process for funding, coupled with the general instability inherent in the funding environment, adversely affected the ability of many providers in the social services sector to deliver their core services sustainably (Ministry of Social Development, 2002).

[11]Work and Income (WINZ) is a service of the New Zealand Ministry of Social Development. It "helps job seekers and pays income support on behalf of the Government. This includes superannuation payments to retired people along with the administration of war pensions and residential care and support subsidies" (Work and Income, 2005: online).

many clients in our survey, the base line functions of DICs are little valued by the State-defined, 'output based' social service contract culture in which larger, much more business-like VSOs are more often than not successful in capturing the available funding (Clark, 1997).

Meeting client needs

Questions of social (in)justice and the role and responsibilities of society in this regard were at the forefront of the concerns of every provider we surveyed, shaping their central philosophy of care, their ethos, and the content of service provision. Practically, in the face of the significant upheaval in funding regime discussed above—especially for the smaller VSOs and DICs—providers appeared in most cases to 'struggle on' as well as possible, always trying to meet client needs, whilst aware that these could often only be partially met.[12] This resulted, in some cases, in a shift to retroactive or immediate service delivery by DICs as mentioned above, and a resignation by managers and staff that services they aspired to provide, such as advocacy programmes and other empowerment services, were now largely out of their reach due to funding constraints (DIC manager, pers. comm., 9/8/02). For the larger VSOs, the approach adopted to the new funding regime was to embrace it as best as they might, working to gain whatever funding they could to continue service delivery. While interviewees from almost all of the voluntary welfare providers we contacted were concerned about their ability to procure enough funding to sustain their services, each and every one was deeply troubled by the number of 'gaps' in the reformed social welfare system through which their clients were able to ''fall'' (client advocate, pers. comm., 6/8/02), a point we return to later in our discussion of cause advocacy.

Keeping such a service delivery ethos in mind, one important objective of our questionnaire survey was to enhance understanding of whether clients felt their needs were being met by the voluntary welfare providers they used. Our analysis revealed that an important consideration for clients was the nature of the services on offer and the environment in which these were available. Yet even within the range of possible options, a clear distinction emerged between larger VSOs on the one hand, and the smaller VSOs and DICs on the other. In the larger VSOs the majority of questionnaire respondents sought either a food parcel, advice or advocacy, but seldom more than one of these. In contrast, the principal purpose of client visits to the DICs and smaller VSOs was to meet and talk—visiting for the purpose of social interaction—and/or to seek advice from an administrator or volunteer. Thus, as many as one in every four (24%) DIC respondents indicated that talking with other clients/friends was the most frequent interaction they had. Given this, it is not surprising that patrons of DICs spent far more time on average in such places than did the regular clients of VSOs.

Our research also sought to clarify the sources of information and routes used by clients in accessing voluntary welfare providers. Most influential by far was a strong 'friends and family' factor. Of our 115 respondents, 70 per cent indicated that they were first introduced to the organisation in which they had completed the questionnaire by either a friend or a family member, the other 30 per cent being referred through Work and Income (8%), a church (7%), or another source (13%). Hence, a sizeable proportion of the client base of the voluntary welfare providers was grounded in the particular social networks in which clients moved, a finding no better illustrated than by Mary's experience documented at the beginning of this paper. No doubt, Dunedin's geographical compactness and small demographic size facilitated, in part, such a high proportion of referrals by self and/or friends or family.[13] Be that as it may, this 'friends and family' referral route had important implications for the quality of services offered by both VSOs and DICs in the city.

In particular, the 'friends and family' effect exacerbated the perennial funding problem faced by VSOs and, even more so DICs, that used the current State-run contracting regime which gave an assured income for an agreed period for a *certain number of clients only*, rather than for a continuously growing clientele. Ironically at the time of our

[12]As noted by Cloke et al. (2005, p. 386) focusing on the ethos of organisations serving homeless people, we are also aware ''of the potential pitfalls inherent in any universalist assumptions about accepting expressions of ethos at face value''.

[13]Whilst aware of the debates concerning the uneven local geographies of voluntary welfare providers that may serve to reinforce inequalities rather than alleviate them (Wolch, 1990; Fyfe and Milligan, 2003), we do not enter into this discussion here. For further discussion about the spatial distribution of the voluntary welfare providers discussed in this paper and their clients see Crack (2003).

survey, therefore, agencies preferred that prospective patrons be referred on by State organisations, rather than by friends and family or by word of mouth. The funding impact of the different referral methods was not lost on provider interviewees. One VSO that dealt exclusively with 'at risk' teenagers aged 13 to 20—almost exclusively referred to the provider by the justice system and/or the Police—was granted large amounts of operational and capital funding by a government department (VSO project manager, pers. comm.10/10/02). For one small DIC, however, the 'word of mouth' referral system most commonly used by clients placed significant strain upon their limited fixed operating budget. This predicament, showing a clear tension between the spirit in which the centre was run and the funding culture it was situated within, was well captured by a DIC volunteer (pers. comm. 8/8/02):

> I don't mind letting people know what the services are once they've walked through the door, but we couldn't afford to widely advertise what we do here. Let's face it, everybody who comes in and has a cuppa probably costs us 70 cents…[consequently] the wage factor and rent factor also comes into it…

In sum, the contract culture has had very different consequences for large and small VSOs and DICs, a situation no doubt often exacerbated by the inability of most DICs to limit the self-perpetuating 'word of mouth' client referral method. To elucidate these and other issues uncovered by our research, and to highlight the need for funding bodies to take greater account of the range of positive outcomes such agencies can provide rather than focusing solely on quantifiable, tangible outcomes we next focus upon the changing face of welfare provision in Dunedin's VSOs and DICs, examining the range of services provided at the time of our survey to meet the needs of an expanding client base.

Towards client independence

Case advocacy

As documented in the earlier discussion, many voluntary welfare providers in Dunedin have recognised that since the macroeconomic restructuring and associated social reforms of the 1980s and 1990s, their client load has vastly increased without a commensurate expansion in their resource base (see Povey, 2002). This in turn has severely strained their ability—even at a minimal level of provision—to meet client needs. In some cases, organisations were able to do no more than meet a client's immediate welfare needs, on a 'hand out' basis. Consequently, many Dunedin providers were concerned that they might be perceived as perpetuating client dependence on a specific form of service (VSO lead administrator, pers. comm. 8/8/02). Well aware of the risk of such a negative perception of their role in society, voluntary welfare providers in Dunedin have made concerted efforts to minimise if not eradicate such dependency by providing clients with the tools necessary to improve their personal life situations as well as to secure for them all the income support benefits to which they had a legal entitlement.

Moreover, as a further expression of their shared delivery ethos, voluntary welfare providers no longer, for example, simply distributed food parcels without attempting to understand the specific underlying factor(s) that had precipitated a client's decision to seek such charitable assistance. In order to do this, and recognising that the overwhelming majority of voluntary welfare clients were beneficiaries (NZCCSS, 2004), all VSOs and two of the three DICs in Dunedin required a prospective client to participate in an initial interview to decide whether, through the agency's intervention, the client's financial situation might be improved. If in the process it was established that a client was not receiving their full State benefit entitlement, most voluntary welfare providers would advocate on their behalf to relevant Government departments, most notably Work and Income, as well as the Inland Revenue Department, a point well illustrated by Mary's brief biography in our opening paragraph (VSO project manager, pers. comm. 25/7/02).

Key informant interviews also uncover examples of more direct case advocacy. During the initial client interviews undertaken at several of the larger VSOs in Dunedin for instance, each client was asked if they required financial support from the Dunedin City Council electricity fund to help meet their electricity costs.[14] This fund operated on the premise that eligible needy clients would receive an annual supplement of NZ$150, or NZ$300 if the

[14]The Dunedin City Council electricity fund was initiated in the mid-1990s as a result of a large donation from the Council in the form of the proceeds from the sale of electricity shares. At the time of our survey, the fund was administered primarily through a large VSO in the central city, although clients of other welfare providers were eligible to receive assistance (VSO social services manager, pers. comm., 26/07/02).

client was involved with a recognised budget service, to help meet their electricity expenses (VSO social services manager, pers. comm. 26/7/02).[15] Nevertheless, it emerged during field research that not all respondent clients had equal access to this cost-of-living subsidy. In particular, DIC clients were clearly disadvantaged because none of these centres, nor indeed any of the smaller VSO agencies (that is, those not affiliated to a national organisation) were able to make use of the electricity fund because their administrators lacked the knowledge of how to access the subsidy. In fact, administrators in two of the three DICs had not even heard of the scheme when we raised it in interviews. Clearly, this situation perpetuated the financial disadvantage of some clients. Furthermore, the lack of information sharing amongst providers points to the existence of institutional barriers that impede the ability of some agencies—especially DICs and smaller VSOs—to deliver the best services they might to their clients, a finding addressed among policy recommendations discussed in our conclusion.

Cause advocacy

Although the primary objective of all the voluntary welfare providers in our survey was advocacy to improve a client's financial situation, it would be a mistake to assume that advocacy occurred only at the individual or household level. Among a majority of key informants, there was a common belief that clients were driven by similar sequences of events in their personal lives to seek the charitable services agencies offered. In the view of key informants, the most common cause of client welfare need derived from inequities in social policy—in other words, it resulted from system inadequacies—rather than being a matter of client choice. This conclusion had led some voluntary welfare providers in Dunedin to act together in lobbying State agencies by 'aggregating' client issues in order to encourage Government Departments to provide a 'better deal' for their clientele. This process of cause advocacy, as it existed in Dunedin in 2002, was explained by one administrator who noted that his large voluntary organisation,

> looks at the client as an individual, looks at their family situation and sees if there are ways of helping them, and if there are issues they are facing and other people are facing. Then you start to realise that the issues might actually be part of the system, part of the structure. Then we might need to look at the next level up. We're one of a number of agencies working with Work and Income [and] advocating to government to see if some of these issues can be addressed at that level (VSO manager, per. comm. 29/7/02).

Nevertheless, administrators and support staff in DICs and in large and small VSOs in Dunedin were at one in recognising that an ethos that works towards policy change affecting many long-term beneficiaries was a long rather than short-term vision. In other words, inequalities could only be mitigated as a result of persistent advocacy on behalf of clients, including direct lobbying of the State for sustainable social policy change.

Empowerment: abstract

In tandem with the public strategy of cause advocacy, voluntary welfare providers in Dunedin—principally larger nationally affiliated VSOs—had by 2002 developed *empowerment* services designed to enable clients to take greater control of their personal life situations without resorting to charitable aid (Goodyear, 2001; Povey, 2002). Counsellors working from an empowerment paradigm have sought to enhance clients' feelings of self-worth by teaching them to focus on their perceived personal strengths (VSO manager, pers. comm. 26/7/02; DIC administrator, pers. comm. 2/8/02). Such services, argued one key informant, sought to elicit tangible changes in a client's life circumstances through instilling in them new skills and 'tools' to better deal with their own circumstances (VSO manager, pers. comm. 29/7/02).

The crux of the empowerment process, at an abstract level at least, involved counsellors offering possible solutions for personal issues that enabled clients to take control of their own lives and mitigate, if not remove completely, their reliance on charitable 'hand outs' from voluntary providers. One voluntary counsellor, whose centre used such a model, argued that paradigms of this sort created independence rather than dependence (VSO project manager, pers. comm. 10/8/02). To this end, his discussions with patrons aimed to provide them with the tools needed to develop the personal confidence to deal with issues independently. In

[15]This one-off annual supplement was equivalent to GPB£58 or £115, and US$102 or $205 (2005 exchange rates).

seeking to enhance client empowerment, the counsellor concerned attempted to 'break down' a client's negative beliefs and thinking about themselves in order to (re)instil confidence in dealing with everyday personal issues (ibid., see also Sheppard and Kelly, 2001).

Nevertheless, at the time of our survey, several organisations were questioning the applicability, and indeed usefulness, of abstract empowerment methods in securing sustainable social change for their clientele. On this point, one key informant, the manager of a large VSO (pers. comm. 26/7/02), argued that it was

> actually a real kind of problem in that you get into the stage that if you're seeing people in an office for counselling it's kind of easy to focus on strengths…If you go into people's homes it becomes slightly less easy to focus on strengths because you can see the shit on the floor and the TV going and the marijuana plants scattered around the house…Then when people come back in here all of the time for budgeting or whatever it gets less easy to say 'yes, we're working from an empowerment model', it just becomes, 'let's fill up your stomach'.

As argued below, some VSOs in Dunedin were moving beyond this last approach by developing more pragmatic empowerment services (DIC client manager, pers. comm. 9/8/02). Examples of such services in the Dunedin experience include budgeting, parenting classes and in some cases, art tutoring and cooking advice.

Empowerment: targeted services

Budgeting advice was one strategy being implemented by some VSOs because they considered it to be an effective way to engender social change to improve the life situations of clients. The latter would participate in a one-to-one in-depth discussion of their financial situation with a budget advisor who offered advice on how their finances might be organised. Once mastered, it was argued, budgeting skills would enable patrons to effectively manage their personal finances in the future and to do so independently of the support of VSOs (VSO project manager, pers. comm. 25/7/02).

Other agencies, specifically nationally affiliated large VSOs, offered an even more advanced budgeting advice service. One, a large inner-city VSO, provided a 'total money management' scheme, whereby the client's income, in its entirety, was direct credited to a trust account held by the organisation. Under this arrangement, the client could only access their money after a rigorous discussion between client and provider (the trustee) to agree upon both short- and long-term spending and saving goals (VSO administrator, pers. comm. 26/7/02). Another variation was offered by a large church-based VSO that operated educational courses on money management. These incorporated abstract empowerment methods in combination with group budgeting exercises in order to build client self-esteem through feelings of achievement and participation (VSO project manager, pers. comm., 25/7/02).

Unfortunately, unlike the larger VSOs, smaller VSOs and DICs did not have the financial resources to undertake elaborate 'in-house' budgeting advice. At most, at the time of our survey at least, all they were able to offer was a number of informal budgeting courses. For example, the administrator of a small, local VSO (pers. comm. 8/8/02) pointed out that although not a professionally trained budget advisor, she was sufficiently competent to encourage general changes in a client's spending patterns by educating them in money management. She also explained that the majority of her patrons had approached her for budgeting assistance, and she had attempted to refer them on to professional budgeting services. Most of these were, however, reluctant to discuss their personal financial situation without first establishing a personal rapport with a professional advisor, again pointing to the importance of personal relations and trust between clients and service providers.

Although the majority of the larger VSOs in our Dunedin study offered parenting programmes and, to a lesser extent, counselling, the ability of smaller centres—in particular the DICs—to offer empowerment-type services was limited largely, yet again, by budget constraints. In most cases those services DICs did offer comprised specific 'life skills' training. For instance, one DIC catering exclusively for mental health consumers adopted several such programmes, among them art and cooking lessons. These were based on the premise that, for some clients at least, inclusion in a group activity (with others in similar circumstances) might be more successful in building self-esteem and confidence than employing abstract empowerment methods such as those described earlier (DIC administrator, pers.comm., 2/8/02). According to one

DIC administrator (*ibid.*), these services sought quite explicitly to develop individual skills that previously had been either unnecessary or were 'lost' because of disuse during a long period of institutionalisation. The same administrator also noted that whilst such programmes were offered from time to time, the DIC ostensibly operated as an unstructured, non-clinical, drop-in service for people with ongoing mental illness. For this reason, any new services were developed in a flexible manner, depending on the wishes of the clientele and the personal skills of existing staff members. Such client input, it was argued, promoted the philosophy of inclusion and 'community'. This assisted the development of individual empowerment among DIC patrons by increasing their sense of self-esteem and feelings of satisfaction derived from the contribution they made to the operation of the centre (*ibid.*).

New drop-in centres

The impacts of social policy reform in Dunedin have been so dramatic that, as a direct outcome, several organisations have been established to specifically meet the needs of a growing population of marginalised 'new poor' and recently deinstitutionalised. One such organisation, a DIC, was established in the early 1990s with the explicit goal of lobbying on behalf of its members to the (then) Department of Social Welfare (now Work and Income), as well as providing a place in which clients with similar life circumstances might congregate and both receive and give support (DIC manager, pers. comm. 9/8/02). Over time, however, as client needs changed, so too the centre's focus had shifted to providing a drop-in centre catering for a client base of approximately 150 low-income people, while also administering a 'work group' that provided clients with an opportunity to undertake casual labouring and gardening 'odd jobs' around the city (*ibid.*).

Also in the early 1990s, a second voluntary welfare provider—another DIC—was established in Dunedin, again in response to the health sector reforms and in particular the associated deinstitutionalisation process. This new class of mental health consumers was recognised as a group with specific needs not catered for by other established agencies in the city (Law and Gleeson, 1998). For this purpose, this DIC constituted a focal point for its clients—including Mary—in the hope that they might develop networks of support and mutual reciprocity, as well as providing critical 'life skills' necessary to maintain a sustainable existence within the wider community (DIC administrator, pers. comm. 2/8/02).

The recent opening of the two DICs referred to above and in particular the client goals they espoused points in a most striking way to the emergence of a 'new' geography of voluntary welfare provision in Dunedin. The transformation was confirmed by the parallel changes established centres were compelled to make in both the scope of their work and in the way(s) in which these were delivered as a direct result of the effects of the State-precipitated partial dismantling of the Welfare State. For existing VSOs, the establishment of formalised systems of food assistance for the 'new poor' was a principal consequence of the impact of the social reforms of the 1990s in Dunedin, and an important component of the new geography of voluntary welfare provision that emerged there. With VSOs offering newer services, such as food parcels and advocacy and empowerment assistance, and with two DICs created specifically to provide a sanctuary of support and mutual reciprocity for people adversely affected by the social reforms, the micro-geography of voluntary welfare provision in Dunedin was fundamentally reshaped. Nevertheless, at the time of our survey, more than a decade after the initial reforms of the 1980s, both new and old VSOs, especially smaller VSOs and DICs continued to struggle to cope with escalating demands for their services.

Discussion

Our empirical research in Dunedin, New Zealand, has revealed that those VSOs and DICs in our survey that were in operation before the social welfare reforms of the 1980s and 1990s had to radically revise the services they provided and the ways in which they were organised in response to these reforms. This was necessary to meet both the State's demand that operations fit within a prescribed 'contract culture', and the increasing number of clients that brought with them more diverse needs.

A qualitative difference was apparent amongst larger VSOs, smaller VSOs and DICs. In larger VSOs, the client assessment process was an organised, formal procedure that did not enable nor encourage clients to spend lengthy periods on their

premises. Clients were offered an appointment time, but felt compelled to leave the premises once the session was completed. This scenario was radically different to the experiences of many DIC patrons in our sample. Indeed, the latter often did not visit in search of a particular service; rather, theirs was a leisurely process driven by personal need. They called in order to interact socially with other clients and to receive mutual support from them. The longer duration of client visits to DIC premises emphasises and reflects the more relaxed, accommodating environment they offered and the integral role such centres played in their clients' lives.

Changes in State funded welfare service provision had a two-fold impact on voluntary welfare providers in Dunedin. Firstly, they confirmed the inability of several welfare providers, principally DICs, to diversify their service base in order to respond to the expanded and more varied needs of their 'community' of clients. Our research indicated that because of close relationships already forged, as expressed in feelings of inclusion and trust, many clients wished to retain their association with specific DICs and their patrons rather than be referred elsewhere, even if the agencies, due to budget constraints, were unable to satisfy their clients' expanding welfare requirements for, say, personal empowerment services. This was an intensely frustrating situation for all the DIC service providers interviewed.

The second impact, closely linked to the first, was the difficulty in procuring adequate State funding for capital and operational costs. Manifested here was a sharp divide among agencies depending on size and affiliation. Least disadvantaged were providers forming part of a nationally organised network of VSOs. These benefited from having more business-like and better resourced parent bodies when competing for contract funding. In contrast, and in spite of the very high satisfaction ratings recorded for them among client respondents in our survey, DICs and smaller VSOs were most disadvantaged. Their ability to compete for State contract funding was severely diminished by inadequate administrative resources, limited financial expertise and the essentially qualitative role they played. These factors, in combination, were almost impossible to quantify in terms of the 'input, output' models of business efficiency required by the State and followed by the larger VSOs in Dunedin. Unfortunately, for the smaller VSOs and DICs, the roles in which they appeared to excel—improving client mental health, self-esteem and confidence—were not taken into account when State contracts were awarded.

From the mid-1990s, as client demand grew, most voluntary welfare providers in Dunedin sought to diversify their service base in an attempt to decrease the level of charitable 'handouts' given to clients, whilst also attempting to improve their long-term prospects of building an independent existence. In an effort to procure such social change, our sample of providers had, almost without exception, sought to gain a greater knowledge and understanding of the underlying cause(s) of the needs evident among their clientele while also seeking often different and innovative ways of addressing them. The response among welfare providers in our survey was to continuously review and refine the processes of case and cause advocacy as well as methods of client empowerment. All of these approaches have become important aspects of voluntary welfare provision in Dunedin, indeed as they have done elsewhere in New Zealand (Ministry of Social Policy, 2001).

As practiced among larger VSOs in Dunedin, the focus of case advocacy was to determine whether or not clients had accessed all of their State benefit entitlements. Several of the same VSOs had also added, in more recent times, a process of cause advocacy to their portfolios of social change strategies in an attempt to make an essentially flawed social welfare system more equitable. Empowerment, a third service offered by the majority of VSOs and to a lesser extent the DICs, was used as an instrument with which to improve the life choices of clients by fostering sustainable social change. As offered in Dunedin at the time of our survey, empowerment services were more often than not considered by managers to have been successful in eliciting some improvement in a client's quality of life. Nevertheless, some VSO and DIC administrators were beginning to focus more on specific services such as budgeting and cooking lessons rather than employing the more abstract concept of client empowerment.

From our research it is clear that, working as they do within the context of State-induced change in social welfare provision in New Zealand, VSOs and DICs played a vital role in the lives of their clients. Despite their typically fragile funding base, especially in the case of DICs and smaller VSOs, the voluntary welfare providers covered in our Dunedin sample had achieved much in their common goal of satisfying otherwise unmet needs

among deinstitutionalised and other clients. Yet, discrepancies in resourcing played a crucial role in differentiating among the range of providers. Larger VSOs, for example, tended to be best funded. In general, they operated out of more spacious premises and were usually quite formally organised, clients using them being expected to visit at appointed times for a mandatory needs assessment interview and to collect food parcels. In sharp contrast, the DICs, and some of the smaller VSOs were rather less formally run. DICs especially, tended to foster a more open-door policy, a place where clients might relax and talk to each other, create friendships, and establish trust relationships with one another and with service providers. Whilst both serve much the same end—meeting client needs—it was the larger VSOs that captured the majority of State funding available because their more business-like culture more readily fitted the criteria of the State's contract system introduced in 1989.

In other words, the shift to 'purchase-of-service contracting' whereby the State bought social services from voluntary welfare providers, had given the larger VSOs an advantage in that they were better able to respond to the State's encouragement to implement both business models of efficiency, and to meet performance criteria. In this environment, where quantitative measures of output were the rule, there was little room for DICs to gain State funding, as any qualitative changes they have made in the lives of their clients did not fit neatly into the lists of 'performance criteria' required.[16] What is more, all voluntary welfare providers were facing an environment in which new clients arriving without State referral were a cause of further fiscal strain because the agency's funding was limited to referred clients and made no allowance for non-referred clients acting on advice, for instance, from family or friends.

The reshaping of 'the contract culture' in the landscape of social services in New Zealand parallels to a certain extent experience in the UK. Osborne and McLaughlin (2002), for example, argue that the societal value of voluntary welfare providers lies in their ability to be autonomous and to act as champions for their clients, in other words, to operate independently of government influence.[17] Yet fuelled by increased demand, sustained increases in central government funding via contracts to the voluntary welfare sector occurred in the UK in the 1980s and 1990s. This effectively increased reliance on performance-based State funding for operational and capital expenditure (Mocroft and Zimmeck, 2004), while generating concern that the role of voluntary welfare providers would be altered in ways that made them quasi-service agents of the State—conduits for the government's social policy agenda (Osborne and McLaughlin, 2002). Indeed, as Fyfe and Milligan (2003, p. 401) suggest, "the increasing dependence of voluntary organisations on state grants and contracts, combined with increased administrative oversight and regulatory control, may simply reinforce state authority over welfare provision and may lead to an increase in state penetration of everyday activities".

As in the UK, the increased reliance on State funded, performance-based contracts to meet increased client demand has considerable bearing on the future relationship between the voluntary welfare sector and the State in New Zealand. Clearly, as a result of the voluntary welfare sector's inevitable expansion to fill the service void left by the State, the current environment creates an inherent tension for providers who must continue to fulfil their contractual obligations with the State, while also attempting to remain independent advocates for their clients.

Policy recommendations and concluding thoughts

In this context, as our research has emphatically confirmed, funding is a crucial, problematic variable. The evidence is unequivocal—the current funding system in New Zealand is in need of substantial improvement to ensure that the advocacy role in particular can be sustained if not strengthened. How then, might this be done? Ultimately, with a view to ensuring the long-term viability of all providers, we recommend the rapid introduction of a publicly accountable funding approach that would enable not only larger VSOs but also smaller ones and DICs to more effectively (and independently) deploy their financial resources.

[16]In New Zealand, a new Charities Act (2005) was passed in mid-2005. This Act created a Charities Commission, an organisation charged with providing a registration and monitoring system for VSOs as well as support and education on governance and management. However, funding reforms—as we are advocating here—remain outside the scope of this Commission's role.

[17]Similar findings were presented by Costa and Chmura (2003), in their discussion of voluntary welfare sector reform in Canada.

Such a philosophical shift would not only recognise but also take advantage of provider expertise in dealing with the day-to-day issues facing their clientele; likewise, it would facilitate necessary flexibility in tailoring services to meet evolving client needs. Any contract system like the one we advocate—implemented, of course, only after substantial consultation with the voluntary welfare sector—would need to be outcome-focused in a way that recognises the needs of the individual, and therefore should not be quantified in terms of 'numbers through the door', a far too crude index of performance. Such a radical transformation in perspective should have a positive effect on the sector by ensuring the financial sustainability of many smaller VSOs and DICs that under the current system have always struggled to meet their operational costs.

We suggest that the starting point in building the equitable State funding regime we propose should be an in-depth survey of VSOs and DICs country-wide, to be undertaken by an independent academic or similar institution, and incorporating questions regarding the qualitative impacts on clients' lives made by such agencies.[18] From the results, voluntary welfare providers shown to be making an effective contribution—as defined by a combined Governmental and voluntary welfare sector working group—should be bulk funded on a three to five year basis, after which a follow-up performance survey would be conducted. If done in a sensitive manner, such surveys might usefully incorporate the views of providers as well as clients, as our research has done. Ideally, bulk funding should target smaller VSOs and DICs specifically in the first instance, in an attempt to level the playing field of State support. In addition, the fund itself might be divided into two sections, one a core pool for basic activities, operational and overhead costs, the other for project opportunities (see also Scottish Council for Voluntary Organisations, 2005, for funding suggestions in a similar context).

Alternatively, funds might be allocated from a discretionary, non-contestable pool that smaller-scale providers would draw on to offer services to their clients without the burden of intra-sectoral competition. However, criteria used to establish which VSOs and DICs would be eligible to draw from this non-contestable part of the pool would require careful thought. In addition, an important consideration in developing and implementing any such change would be the need to simplify the application process to procure State funds as well as facilitate access to expert advice, both important considerations for independent and small DICs and VSOs that often rely on volunteers to obtain adequate funding support.

One condition of the sort of revamped contract funding process we recommend should be that interagency cooperation is required, including information sharing about the little advertised Government support that could be tapped into, the services provided by each agency, and the work of other relevant service providers who might not be well known. In turn, the greater financial security bestowed by the recommended funding system could allow more providers to offer proactive services (such as advocacy and empowerment) to clients from an early stage. This in turn should reduce the need to offer food parcels and other 'ambulance at the bottom of the cliff' type services. That outcome alone would be a very positive one for individual clients as much as for New Zealand society at large.

[18]The challenge at that stage will be to establish a means to adequately assess 'soft' indicators of success rather than the more easily quantifiable hard measures. Evaluating a DIC, for example, in terms of numbers of clients seen, is not an accurate demonstration of its influence. Instead, we need to find some way to gauge the effect of such services on people's ability to live independently, with confidence, with feelings of self-worth, and so on.

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