Mythical Realities: Challenging the Government/Nonprofit Nexus in Community Services Procurement

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Our propositions...

Proposition one: the policy and program environment of the nonprofit human services sector has been veiled in myths that have distorted perceptions of its functioning, resources needs, and social and economic contributions

Proposition two: these long held perceptions have biased policymakers, governments and sector leaders to the detriment of sustainability in service provision

Proposition three: these biases have ensured procurement processes constrain the sector and reduce sustainability
Myths

Myths establish unchallenged ideas and expectations of the sector

*EG Not-for-profits should not make a profit*

Cultural Biases

These myths inform biases that influence policy design and sector engagement

*EG. Comprehensive costs not covered in pricing; improper indexation; limited capital raising, non-competitive wages, requirement to source top-up funding*

Impact

These then translate to adverse impacts on the sector's capacity to deliver services

*EG. Inability to reinvest in program improvements and working assets and attract and retain high quality workforce and leadership; limited innovation and business acumen; resulting in reduced sustainability, narrowing of service mix, unmet community demand, and reduced service quality*
• Nonprofits should not make a profit
• Nonprofits are inefficient and non-innovative
• The nonprofit sector is a fiscal sink
• Competition in ‘markets’ creates efficiency and effectiveness

• Nonprofits should not pay competitive salaries
• Nonprofits must learn from commerce
• The government does not have enough money to resource the sector properly
• All funds must be spent on programs

Sacrifice and selflessness must be the defining characteristics of the sector
Unintended consequences...

- Under-resourcing → Inability to invest, innovate and analyse performance
- Quasi markets → Service failure and increased public cost
- Sustainability Reduction → Defensive decision making
- Lack of transparency → Derailing of service mix
What does this mean...?

1. Demand v need: real analysis and evidence-based policy
2. Service mix targets (Industry Plan)
3. Transparency in outcomes reporting
4. Genuine collaboration between government and the sector
An Australian experience...?

1. Poor government record keeping
2. Low transparency at the macro level
3. Ineffective analysis
4. Poor contracting processes...even where outcomes-based contracting is used
5. Poor resourcing outcomes
Thank you!

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