TAKING BACK CONTROL
A COMMUNITY RESPONSE TO PRIVATISATION
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THE NEED FOR THE REVIEW
Communities across Australia are feeling let down by privatisations that deliver worse and often more expensive services. The People’s Inquiry into Privatisation started because there is a clear need to map the impact of privatisation on our communities and to articulate alternatives to orthodox economic and political ideas that are driving declining coverage and quality of essential services.

THE RESPONSE FROM THE COMMUNITY
The Panel was overwhelmed by the thoughtful and passionate response to the Inquiry from the community. We received detailed analysis, based on extensive research and evidence, from individuals and organisations who gave us a clear – and alarming – picture of the impact of privatisation. We also heard, in written contributions and in person, powerful and moving personal stories of the pain that privatisation has caused people in this country.

The Panel are grateful to everyone who took the time to participate in this Inquiry and commit to reporting our findings back to them, and to doing our best to ensure that this report becomes a tool and resource for those communities to take action to secure the essential services that we all rely on.

THEMES
What the response from the community showed was firstly that privatisation is not an abstract policy issue – it is deeply personal to the families and communities who brought us stories of damage that privatisation has done. The evidence that we received showed that privatisation has overall had a damaging effect on services and that these effects make a real difference to people’s lives. When privatisation goes wrong, it is not a mere matter of inconvenience – it hurts people in very specific ways.

Despite the very direct and personal impact that privatisation has on people’s lives, decisions about privatisation have been taken out of the democratic realm, and the discussion about privatisation has become technocratic, inaccessible and opaque. There is a lack of democracy in the way decisions are made; there is a lack of meaningful consultation with stakeholders, decisions are made with reference to the financial impacts of privatisation more than the impact of the actual services that are delivered, and vital information about privatisation is unavailable to citizens because of ‘commercial in confidence’ provisions and other mechanisms that prevent scrutiny. And more fundamentally, the very language of discussions about privatisations is becoming less democratic – the discussions at the policy level are technocratic, financial, corporate, and abstract, with little space for people to articulate what they actually need.

This dwindling of democracy means that it is increasingly difficult for communities to hold someone accountable for the delivery of services. There is a very basic need for people to know who to call when things go wrong, to get answers from someone in authority, to know what level of service they can expect and who to blame if services fail. All these things are harder when services are at arms’ length from government, when corporations are not held to the same standards of transparency as government bodies, and when government is vacating the regulatory and oversight space.

When decision-makers do try and explain why they are privatising something, they typically sell it in terms of choice and price. It is clear from the evidence presented to this Inquiry that ‘choice’ is a myth – and financial benefits often are too. The withdrawal of government is meant to create... ‘choice’ is a myth – and financial benefits often are too.

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the space for the private sector to flourish through competition. In reality, the field of providers often narrows to a small number of large organisations and in some cases the government is privatising a monopoly where competition is not feasible anyway. The withdrawal of government services can reduce the choice available to people (in areas such as disability services for example). And once the privatisation occurs, the purported savings often fail to materialise, with the private sector often failing to deliver services more cheaply than governments.

The withdrawal of government from various areas of life hasn’t happened because it’s what communities want. In fact there is more, not less, demand for government services – but increasing reluctance from governments to provide them. Communities did not agree to accept less coverage or less quality from government, but that is increasingly their experience.

There is therefore a clear demand to reverse or somehow address failed privatisations – to improve oversight, to restore services to public hands, to right the wrongs that these policies have inflicted. But more than that, there is also a demand for governments to build capacity in new areas – we should be building as well as rebuilding.

We cannot face the profound challenges that we already know are in our future – such as climate change and digitisation/automation – unless governments have the confidence to intervene decisively and competently in the interests of justice, fairness and equality. This is why we need to be bolder about our expectations of government as a place where people come together to solve problems, and to articulate a positive role for government that offers our community the confidence to face the future.

The People’s Inquiry into Privatisation has initiated a national conversation about the impact of privatisation – it’s now up to all of us to decide how to turn these words into better futures for our communities.

“... privatisation is not an abstract policy issue – it is deeply personal.”
The features of well-functioning democracy include strong government institutions, a robust private sector and a strong civil society that holds those actors to account. One of government’s fundamental roles is to equitably provide essential services to all communities and regulate the delivery of those services.

Access to quality public services are a human right and should be based on needs rather than costs. This is essential for human development, prosperity and a flourishing society.

On the one hand, you don’t let people fall off the edge when the world changes – when work disappears, or the health and care needs of the community grow. On the other, providing government services only to the needy risks entrenching a two-tiered society. We must strike a balance.

ABOUT THIS REPORT
Over the last year, the People’s Inquiry into Privatisation travelled around Australia to speak to hundreds of people about the impact of privatisation on their communities. As three independent panelists, we collected evidence in the form of dozens of written submissions and many hours of oral testimony to produce this written report.

With the evidence provided to us, we have identified six essential principles and developed a set of 12 recommendations on privatisation.

In many cases, the privatisation of services has not served the community well. In fact, there is evidence that it has caused significant harm to our most vulnerable citizens, such as people with a profound disability, and those requiring hospitalisation, aged care, child care or child protection.

The most significant consequences of privatisation in each service area are outlined below.

Electricity:
- job losses in the electricity sector
- increased costs for consumers
- service disconnections
- profits from assets going overseas instead of going back to the public
- reduction in research, development and maintenance of these assets
- reduced investment in apprenticeships and training
- loss of accountability, transparency and control

Aged Care:
- reduction in care hours
- reduction of staffing and skill mix
- profit motive outweighing delivery of quality care
- erosion of pay and conditions for staff

Child Care:
- market forces contriving to create an over-supply in regional areas and an under-supply in rural and metropolitan areas
- 0-2 year age groups have a shortage of places and long waiting lists due to higher staff costs
- lower wages for child care workers
- overall decreased quality of care

Hospitals:
- limited government control over quality
- poor contracting management
- increased risk for the state following contract difficulties
- cost blow-outs
- decline in quality of services to the public

Child protection:
- children being roomed for extended periods in hotels and sometimes overnight in office buildings
- children being repeatedly referred back and forth between government and NGO (non-government organisations) providers
• NGOs failing to recruit sufficient number of carers to meet growing demand
• services, both NGOs and government, being underfunded
• staffing restrictions in government-run services

Disability:
• Loss of the right to choose services
• Loss of a public disability safety net for people with complex needs
• Fears of service cutbacks and deterioration of quality care
• Lack of accountability and ability for non-government providers to turn away high-needs clients
• Reduced pay and conditions for workers
• Privatisations are rushed and distressing for clients

Prisons:
• Diminishing quality and performance of contracted prison services
• Contracts which fail to secure the effectiveness and efficiency of private prisons
• Cost to public sector when rectifying problems created by private company failures
• Reduction in prison education to assist in rehabilitation
• Reduction in staffing numbers and pay and conditions

Vocational Education and Training (VET):
• the demise of the internationally respected TAFE (Technical and Further Education) system
• the emergence of fraudulent and predatory behaviour (including the targeting of vulnerable people, leaving them with debts they cannot pay)
• poorer quality of education
• less access to more capital-intensive courses
• poor consequences for regional areas.

POLICY FRAMEWORKS NEEDED
We believe privatisation as a policy tool has broadly failed the Australian community and should only be employed in the future in exceptional circumstances. In these cases, any decision to privatise should only be made after public debate and public endorsement by election.

There is an urgent need for a new policy around privatisation to be developed for the communities of the future.

LACK OF ACCOUNTABILITY
We have also found that the longer privatisation goes on, the less accountability the government has to the public.

Self-regulation, or light touch regulation, does not work as a governance principle. Governments must pick up the challenge to create new public assets and institutions that deliver quality services for all so no one is left behind or shut out.

The role of non-government organisations to advocate in the public interest is critical to a well-functioning democracy.

NGOs that exist to serve a “mission” should be conscious of the tension between service provision where gaps exist and providing government services for the purpose of growing the organisation or the ability to comment on government policy.

A key role of NGOs should be to hold governments accountable.

Panellists: David Hetherington (Chair), Archie Law and Yvonne Henderson
Given the submissions and the available evidence we believe:

1. Citizens have a right to well-resourced and capable governments delivering quality public services paid for through a just tax system.
   - All citizens should have access to these services irrespective of ability to pay
   - Particularly around privatisation decisions, democracy requires transparency, openness, participation and accountability between government and its citizens

2. Quality, rather than cost, is the best measure to judge who has the capacity to deliver services

3. Privatisation should not be presented as providing greater choice to citizens when it removes the choice to continue using existing government services, as has occurred in some provisions of disability services

4. Privatisation should not be seen as a means of making savings by lowering the quality of services provided or by reducing the wages and employment conditions of workers

5. Whether government-funded services are provided in the public or private sphere, the community must be able to hold governments accountable for those services

6. All privatised services should be completely transparent to the public. Citizens have the right to know where and how public funds are being spent and the detail of services provided
RECOMMENDATIONS

1. We call for a moratorium on privatisation until greater regulatory mechanisms and proper policy frameworks are implemented around the delivery of public services.

2. Prior to any new privatisation, governments should:
   • provide details of all the proposed benefits, sources of savings and evaluation of costs
   • assess the benefit to the public, including a comparison of service provision and access to prove why delivery of services cannot be maintained by the government
   • define minimum qualifications for new employees prior to privatising
   • prohibit any company that has evaded taxes or broken the law from taking over public services.

3. Where there is a privatised service, governments must take back the regulatory space and set the rules. An independent regulatory body should oversee privatised assets and services to ensure accountability.

4. Governments must continue to employ sufficient, qualified staff to evaluate the quality and competence of service providers, and to provide a continued role in strategic advice. Departments of government should not be tendering policy decisions out to consulting or accountancy firms.

5. There must be **NO** commercial-in-confidence provisions when taking public money.

6. If a service is to be privatised, governments must set a fixed tender price that ensure cost is removed from the decision process and tenderers are competing on the basis of quality only. This prevents it being a race to the bottom.

7. Where privatisation occurs, the new provider must, as a minimum, maintain the same employment conditions and standards as the government service it replaced in regards to:
   • wages and conditions of employment
   • health and safety
   • equal opportunity employment
   • codes of ethics and other codes of practice.
Governments should take back control of failed privatisations rather than give contracts to new private providers.

All privatised services that receive government funding to provide a public service should report annually to ensure services and infrastructure that use public money are open, transparent and delivered to the highest quality. Such reports must contain:

- a log of all complaints
- a comprehensive and detailed, up-to-date cost of services, detailing government funds received and where the money has been spent
- measurable key performance indicators (KPIs)
- feedback from service users on quality
- changes to workloads and employment conditions over the short and long term
- evidence that minimum staffing numbers and standards, including conditions for staff, are met and that accredited qualifications are recognised.

Australia should rebuild public assets and public sector capability in new areas. These could include:

- clean energy
- new energy generation, storage and distribution solutions
- a publicly owned and run transactions bank
- government-based shared equity funding for low income earners, in areas such as affordable housing and solar power
- digital government
- infrastructure and assets (such as the East Coast Very Fast Train line).

Governments must legislate to ensure funding for services is not linked to the ability of the provider to comment on government policy or dependent on its capacity to grow the organisation.

There is an urgent need to restore confidence in the provision of specific failed privatisations:

- TAFE – there is a strong case for re-building the public sector role by resourcing TAFE and removing public funding from private vocational colleges. This should involve stronger regulation of private providers and re-investment in public institutions.
- Disability services – governments must immediately act to ensure the retention of existing or the creation or recreation of government facilities and staffing for those with complex needs.