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# RECOMMENDATIONS

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The PSA endorses and adopts the recommendations of submissions to this Inquiry from Public Services International (PSI) – Oceania, which also includes updated recommendations from the People’s Inquiry into Privatisation, and Dexter Whitfield (Director of the European Services Strategy Unit and Adjunct Associate Professor, Australian Industrial Transformation Institute, Flinders University).

Relevant elements of those submissions are reproduced below with some minor modifications for clarity in the South Australian context and for the purpose of this PSA submission.

## **Recommendations to the Select Committee on the Privatisation of Public Services in SA from the submission ‘False Promises and the Ugly Face of Privatisation’ by PSI – Oceania**

In light of the overwhelming evidence of failure to deliver promised outcomes and to enhance the overall welfare of the community, the paper makes the following recommendations:

1. A pause in privatisation programs to impartially review the public welfare outcomes of past privatisations, and to identify causes that might have contributed to the failure to live up to expectations.
  2. Abandon uncritical faith in the superiority of private or market solutions to the challenge of providing quality public services efficiently; there cannot be a dogmatic approach to the question of public versus private provisions of public goods or services.
  3. Undertake independent assessments of possible causes of underperformance of public providers; such investigations should be transparent and participatory involving management, workers and rightsholders.
  4. Undertake objective and transparent comparative social, gender and environmental cost-benefit analyses of private versus public options in providing public services by engaging the wider community; financial profitability should not be the only criteria in determining “value for money”; privatisation’s social and environmental consequences must also be considered.
  5. Privatisation must not be driven by the motive to maximise sales value or by the desire to lighten the debt or fiscal burden of the government, and hence must not involve the State’s most profitable businesses.
  6. All Public-Private Partnerships must be accounted for in the public budget for transparency and accountability in order to avoid the risk of contingent liabilities.
  7. Undertake case-by-case analyses for each service or provision of public goods that the government plans to privatise, outsource or have private partners, keeping in mind that private solutions are not inherently superior for all sectors.
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8. Put in place appropriate regulatory and democratic oversight mechanisms involving wider community and rightsholders where privatisation is deemed preferable.
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9. Procurement guidelines, including any form of privatisation, to require disclosure of the use of tax havens; and governments must exclude any companies found to have previous labour, human rights, environmental violations or findings of fraud and corruption, including tax evasions.
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10. Where past privatisation programs have failed, or not met stated expectations, the government should consider reversing them while instituting and enhancing democratic accountability and management discipline in such activities.
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11. Develop and institute a participatory and transparent monitoring and evaluation framework for provision of public services regardless of the ownership of provider organisations/agencies; this would also require setting specific public welfare goals for both private and public providers, and indicators for monitoring.
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12. Understand the proper role of the State; privatisation does not absolve the state's obligations to protect human rights, including labour rights, and ensure social justice and equity. States are also obliged to protect the environment. States also have to fulfil obligations under internationally agreed goals, such as Sustainable Development Goals of the United Nations.
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### Peoples Inquiry Into Privatisation: Updated Recommendations

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1. We call for a moratorium on privatisation until greater regulatory mechanisms and proper policy frameworks are implemented around the delivery of public services.
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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.
    - require disclosure of the use of tax havens and the exclusion of any companies with holdings in known tax havens.
    - exclude companies found to have previous labour, human rights, environmental violations or findings of fraud and/or corruption.
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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. The regulatory body must be adequately resourced to be effective.
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4. All Public-Private Partnerships should be accounted for in the public budget rather than a contingent liability and contracts should be made public.
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5. 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.
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6. There must be NO commercial-in-confidence provisions when taking public money.
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7. If a service is to be privatised, governments must set a fixed tender price which maintains pay and conditions of employment across the service, to 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.
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8. 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; and
    - codes of ethics and other codes of practice.
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9. Governments should take back control of failed privatisations and, the PSA suggests, those which have not met expectations, rather than give contracts to new private providers.
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10. All privatised services that receive government funding to provide a public service should be subject to an independent annual reporting process 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.
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- 11.** Australian governments 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; and
  - infrastructure and assets.
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- 12.** 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.
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- 13.** There is an urgent need to restore confidence in the provision of specific failed privatisations:
- Aged care – governments must immediately act to ensure the retention of existing, or the creation or recreation of government facilities, including mandated staff to patient ratios.
  - 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.
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- 14.** Governments should not sign trade agreements that constrain their ability to reverse privatisation.
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**Recommendations to the Select Committee on the Privatisation of Public Services in SA from the submission ‘Global, State and City Dimensions of Privatisation’ by Dexter Whitfield**

**Recommendations: South Australia should take the initiative to:**

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- 1.** Develop a wider understanding of the scope, global interests and impacts on services, jobs and equalities and social cohesion arising from privatisation.
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- 2.** Undertake an economic analysis of related functions and supply chain providers for each public service to determine their interdependency and the employment supported in both public and private sectors.
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3. Establish a more comprehensive impact assessment process that takes account of short, medium and long-term risks and impacts including economic, social, local economy, financial, equality, quality of jobs, sustainability, decarbonisation and the effect on nature and biodiversity. Community organisation and trade union representatives should be fully engaged in the impact assessment process to draw on their experience.

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4. Ensure future public policy decisions are based on published comprehensive and rigorous economic/social cost benefit analysis to identify the short, medium and long-term public costs, risks and the quality of jobs.

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5. Confirm that public sector quality, effectiveness, equality and efficiency of services and functions are interdependent on delivery values of inputs, working methods, outputs and outcomes which in turn are interdependent on the quality of employment, regulations and standards, public policy for provision and financial resources. Ultimately, all these criteria contribute to:
  - Democratic governance, accountability, participation and scrutiny.
  - Public ownership and provision.
  - Adaption to climate changes and protection of nature and biodiversity.
  - Economic policies and sustainable development.
  - Welfare state provision and early intervention.

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6. Revise the options appraisal process to ensure that if a privatisation is deemed by the government to be necessary, the process must include an in-house bid that is a forward-looking based on service improvement and innovation. The evaluation criteria must be comprehensive. Business as usual or status quo options must be withdrawn and revised in order to ensure a comparable options appraisal.

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8. Decommodify services by reversing the marketisation process by re-integrating client and contractor functions and abolishing commissioning arrangements.

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9. Carry out a Scrutiny Review of the performance of existing contracts including an assessment of the impact and consequences for service users and public employees delivering related services.

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10. Intensify monitoring of existing contracts and, if necessary, amend the financial reductions (through a contract change order) when performance that does not meet the required standards and/or the required facilities are not available for public use. If necessary, re-train and revise staffing of the monitoring function.

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11. Strengthen service planning through Public Service Improvement and Innovation Plans that set out how services can be improved, adopt new working methods and adopt digitalisation and automation where they can be applied to particular services.

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12. Reduce inequalities by requiring publication of an Equality Impact Assessment (EIA) at the planning and final proposal stages of new or significant changes in public policies that identify the full impact on employees and current and potential service users.

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- 13.** The State should focus on a capability and capacity building programme to increase its skills to undertake impact assessments, economic/social cost benefit analysis, options appraisals and evaluate innovation and improvement proposals. These skills will also be in demand for digitalisation and automation proposals in public services. It is vital to reinforce community needs, effective public services and the State's policies in an era of increasing commercial interests and corporatisation.
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- 14.** The State should avoid the public sector trend in several other countries of establishing arms-length companies to deliver public services. Many such companies have returned to in-house provision, others have had financial problems and some went bankrupt. Although they were publicly owned, some cut public sector terms and conditions.
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- 15.** Embark on a programme to enhance democratic accountability of public services which should include service user and public employee participation, improving the monitoring of public services and frequent scrutiny performance review.
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- 16.** Public participation will only be effective if public authorities disclose relevant information more fully and quickly. This includes publication of impact assessment and economic/social cost benefit analyses.
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- 17.** Maximise economic development strategies in retrofitting housing, public buildings and business premises; environmental works to conserve water supply; works to protect against rising sea levels and opportunities to support new enterprises in the just transition and decarbonisation process (Hordacre et al, 2017 and Spoehr, 2021).
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- 18.** A Code of Practice for Quality Employment should be adopted to include training and education, skills development, terms and conditions, pensions, health and safety, workplace participation, trade union organising and recognition rights for those having to seek alternative employment and the emergence of new employers (Whitfield, 2020c, p38)
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- 19.** Public ownership and provision of renewable energy is increasingly important given the growth of the global secondary market in renewable energy projects (18 transactions in Australia, 3,968 MW). Private equity funds were involved in a third of the 628 transactions between 1 January 2019 and 31 August 2020, often through offshore tax havens (Whitfield, 2020d).
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- 20.** Adopt a strategy for innovation and improvement of in-house provision, working with services users and public employees to ensure public goods and services are financed, organised and delivered on a more sustainable basis.
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- 21.** Establish a public management practice that focuses on innovation and improvement in service planning and engaging service user/community organisation representatives with public employee and trade union representatives.
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**22.** Integrate public services and functions to maximise co ordination and planning, for example public health, primary, medical and social care.

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**23.** The return of service in-house and re-municipalisation must be accompanied by eliminating the processes and values that facilitate the privatisation of assets and services. This must be accompanied by a new approach to public management which focuses on in-house improvement and innovation and increasing democratic accountability with service user and public employee participation in the planning, design and delivery of services.

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