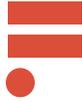




**Australian
Fabians.**

Reforming the public sector for a more equal society

Fabian pamphlet



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Foreword

As Fabians we believe in harnessing the power of the state to drive social and economic progress, and to protect our community and environment from exploitation.

Now, more than ever we need a skilled and motivated public sector to continue the social democratic project in an era of unprecedented pressure and change.

As progressives, we need to understand these challenges, so that we can defend those elements of the current model that are essential and support the real reforms needed to modernise the public service.

This collection of essays makes an invaluable contribution to doing just that.

Senator Jenny McAllister's piece on *Public Service Excellence* tackles some of the great challenges and contradictions of the public service head-on. How can institutions built on impartiality, also show empathy, and connect with citizens? Is an organisational form defined by its scale capable of being nimble and of delivering services in ways that meet the needs of diverse communities?

We badly need this sort of clear-eyed assessment of the public sector if we want to defend its role against simplistic neoliberal attacks.

Sam Hurley discusses the Centre for Policy Development's (CPD) report *Grand Alibis* which dives into the murky world of outsourced social services and wonders how we can get the best results for the disadvantaged when; 'at every level, people have been asked to do more with less: less money, less memory, fewer tools, less time'.

But CPD's work reveals a more fundamental problem than just impacts of cost-cutting. Sam unpacks the many contradictions that quasi-privatisation creates.

Melissa Donnelly's contribution on *A Progressive Approach to a 21st Century Public Service* takes a wide-angle lens to the question of the purpose and performance of the public service, not just in terms of service delivery, but as a provider of 'frank and fearless' advice *in the interests of the community*, not the interests of the government of the day.

How this can be achieved in an environment where public servants are being sacked, senior bureaucrats are on short contractual leashes and governments prefer to buy their advice from hand-picked consultants, are questions Melissa is uniquely well placed to consider.

Reforming the public sector is perhaps the least politically sexy area of public policy, and yet it should be a topic of vital interest to all progressives.

This collection of essays is a great example of the role that the Fabians have played for generations in encouraging discussion of the issues that matter to anyone who wants to see a fairer, more equal society.

Tim Sonnreich
National Chair
Australian Fabians

Public Service Excellence

Senator Jenny McAllister,
Senator for New South Wales, Australian Labor Party

The public service is critically important to progressives. As social democrats, we are committed to using the power of government to secure the full economic and political rights of citizens. It is the public service who will actually do this work. It is the public servants in regulators who hold banks to account. Public servants who enforce environmental standards. Public servants who support the disadvantaged to build the human and financial capital necessary for equality. This need for a robust and capable public service is not going away. If anything, it is growing.

It is an understatement to say that the public service today looks completely different from that in the 70s and 80s. We no longer speak of citizens and government offices. Instead, government is now a 'service provider' providing products to 'customers', and those service providers are leaner. Years of cuts have taken their toll – the public service is smaller, and does a lot less. Outsourcing, consultants, and contractors have grown into the void left.

For the most part, these changes have arisen from a powerful ideological push from the political right for a 'small state'. We shouldn't accept this push, which is designed to cripple the mechanisms we've built in the post war period to deliver a more equal society.

But that doesn't mean we should reject changes in public administration out of hand.

As social democrats, we're unequivocally for excellence in the public sector. And that means engaging thoughtfully with progressive critiques of the state.

Critiques of bureaucracy

I'd like to explore two related arguments we sometimes hear about bureaucracy. By bureaucracy I don't mean the public service in general, but rather the particular organisational form it usually takes – large scale, hierarchical and impartial. I want to be clear – these are others' critiques, not mine. In fact I have some significant reservations about them. But they do have something practical to tell us about the design and delivery of public services, particularly in the social services area.

I've chosen to focus on social services because it consumes the vast bulk of the budget, is most strongly correlated with the Labor project of equality, and is the most common point of contact between the public service and the general public.

The first argument that we sometimes hear is that bureaucracy's scale and impartiality are weaknesses, not assets. Weber famously compared bureaucracy to a machine. For progressive critics, there are real questions as to whether this machine is good for citizens, public sector staff, and society as a whole. Citizens can see bureaucracy's dispassion as a lack of care. Staff can feel like cogs – trapped in stressful positions without the capacity or tools for change. The very scale of bureaucracy hinders the development of the rich knowledge of individuals, communities and places necessary to personalise services. What critics offer as an alternative to bureaucracy are personal and place based services. Most commonly, their ideal form is a small, community run, not-for-profit organisation.

There is a mountain of academic literature indicating that indigenous community leadership of health services makes a huge difference to health outcomes for Aboriginal people.

The second argument that we sometimes hear is that using bureaucracy to deliver human services undermines the community's opportunity and responsibility to actively support one another, diminishing our social capital.

In our national debate, some indigenous advocates have criticised passive welfare, and cited the potential benefits of redirecting resources towards projects and services designed and delivered within local communities. There is a mountain of academic literature indicating that indigenous community leadership of health services makes a huge difference to health outcomes for Aboriginal people. Many advocates say that the experience of self-organisation and leadership in one area like health can be a powerful catalyst for broader wellbeing in indigenous communities.

Similar conversations are happening around residential aged care and disability services, where the community seeks more personalised services.

So, what to make of these two critiques?

I think these arguments have some merit. The idea that bureaucracy damages sense of community has recently become connected with the conservative project – particularly David Cameron's idea of 'Big Society'. However it equally has its roots in a progressive vision that envisions self-sustaining communities grounded in reciprocity, alongside an interventionist state. The Labor movement in Australia built unions, workers education societies, sports clubs and credit unions, as well as forming a parliamentary party to influence government. For conservatives like Cameron, an emphasis on community

was a way of shirking government's responsibility for funding. This need not be so for progressives. Our appreciation of community should drive government funding decisions, so that they support both individuals and community capacity.

I also have reservations. There is a risk that enhanced locally or personally tailored services compromises the impartiality of services. I've recently heard reports that in some NSW country towns, doctors still refuse to provide standard services for women's health based on their personal, moral judgements. Bureaucracy may be distant from people's lives, but that distance enables services to be delivered impartially and in line with a democratically determined community standard.

That said, I do think we can accept that a more individually responsive public service could produce significantly better outcomes for communities and individuals. A good example is the 'Just Reinvest' program run in Bourke. It is run by a coalition of local organisations and community members, and is looking for opportunities to take the money that would ordinarily be used to incarcerate the town's young people, and reinvest it in locally designed interventions to prevent offending. It has a heavy emphasis on data, as well as a strong emphasis on local engagement. It works across state, local and federal governments, and between silos. There's no doubt it's a model that would be difficult to replicate within current models of public sector service delivery – which should get us thinking.

If we accept that we should reform how we deliver public services, the next logical question is 'how?'

For some time now the reflexive answer has been 'more outsourcing'. I do not think this is a good answer.

The problems with outsourcing have been well documented, but perhaps I can outline some concerns in brief.

Over time, outsourcing leads to a hollowing out of government capability, which makes it more difficult to even assess or collaborate with tenderers.

When the work of government is outsourced, it is often performed without adequate accountability and transparency.

Most damningly, outsourcing does not guarantee the results it promises. Contracts have real limitations in defining behaviours, values and outcomes. And even where governments contract for results, this does not always lead to the innovation that is hoped for or expected. Governments should expect more from contractors than innovative ways of making staff work for less.

Outsourcing changes who delivers services, but it does not always change how. Anyone who has ever tried to negotiate with a bank or a telco will immediately recognise that all large organisations, for better or for worse, embody bureaucratic values and approaches.

If endless outsourcing is not the answer, what then?

I would like to finish by setting out some four strategic priorities for progressives in thinking about the 21st century public sector.

First, the mixed public-private model is here to stay. The challenge is to work out how to use this system to deliver the best possible outcomes.

For this we need data. Programs that are to be contracted need to have clear performance measures that are capable of being independently audited and allow a fair comparison with a public provider operating in the same market. We hear a lot about how the private sector is more efficient. Research conducted last year for the Centre for Policy Development found that whilst the public saw government as being more affordable, accountable and accessible, the third sector was seen as being more personalised and more caring. Perceptions are often false. Just as the My Schools data is challenging accepted wisdom regarding the academic value-add from private schooling, robust evaluation of social programs could challenge existing ideas about which sectors perform best.

My second proposition is that we need to prioritise reciprocity in program design. I'm attracted to innovations which seek to involve community members in supporting one another, like the 'Family by Family' program currently being run by The Australian Centre for Social Innovation in New South Wales and South Australia. It finds families that have survived tough times and trains them to help other families in the community going through tough times themselves. And there is no reason this approach can't be taken by the public sector as well as the non-government sector. Think about our unique Landcare Program. This is a tremendous, secular, publicly funded organisation that supports and promotes values of service, inclusion and mutual contribution across countless communities.

My third proposition is that we need to reconfigure frontline operations to give staff permission to prioritise relationships and local issues. Public service staff care deeply about their clients. However the managerial approach to service delivery does not always support this instinct. We can learn much from how the childcare industry has succeeded over the last decade in setting expectations of care in its organisations. It is about giving frontline staff the training and tools they need to express their compassion within the framework of work. Supporting localism may mean 'small state units' of delivery with local level governance structures embedded in the program design. Public

schools provide a good analogy. Schools are autonomous, locally oriented, and are plugged into the community organically through students, as well as formally through P&Cs.

It is not reasonable that failure is tolerated in the private and third sectors but not in the public sector. Government needs to be innovative irrespective of whether commissioning services or delivering them itself.

My fourth and final proposition is that we need a more mature attitude to failure. Change is difficult without innovation, and innovation requires risk and failure. This does not mean that the public service should aim to be 'disruptive' like the tech industry. But it does mean that we need to jettison our political culture of zero tolerance of failure, otherwise we will never try anything new. It is not reasonable that failure is tolerated in the private and third sectors but not in the public sector. Government needs to be innovative irrespective of whether commissioning services or delivering them itself. Risk aversion is a product of the higher levels of accountability that apply to public providers. This accountability deficit needs to be equalised so a fair comparison can be made of service delivery between providers from different sectors.

I recognise that each of these propositions embodies a challenge to how some parts of the public service are currently run. But they do not embody a challenge to the public sector itself. The arch of my suggestions requires a stronger public sector, with a clear vision of its role as the guardian of an egalitarian Australia.

Grand Alibis

Sam Hurley, Policy Director, Centre for Policy Development

Political and policy memory has become a hot topic over the past year. Last November, two months after Malcolm Turnbull had become our fourth Prime Minister in as many years, journalist Laura Tingle put Australia's collective failure to deal with pressing policy challenges down, in part, to what she called 'political amnesia'. Without clear memory of the historical context for policy making, she argued – without a clear sense of what has been done in the past and why – the scope for nuance disappears. She said this meant that today's decisions are too often taken at face value – as 'the inevitable outcome of current circumstances'; the products of debates conducted solely in the present tense. She argued that the political and policy institutions that could guard against this are being worn out – including the store of experience and capability in the public sector.

Unemployment is a whole-of-economy, whole-of-policy issue: it is influenced by macroeconomic conditions and community level factors and everything in between, including the full range of human services in education, health and elsewhere.

As Tingle's Quarterly Essay was doing the rounds, I was working on a [Centre for Policy Development research project](#) on the 20-year evolution of Australia's outsourced employment services system. We were looking at how the role of the public sector had changed as it transitioned from a provider of frontline employment services through the old Commonwealth Employment Scheme, into a contract management role for a network of external providers from the private or not-for-profit sectors. The question we were interested in was what this experience suggested about how the broader trend toward contracting (or 'outsourcing') human services impacted governments' ability to tackle disadvantage and ensure effective services to the most vulnerable people and communities. We looked at results in the case of employment services – mixed at best, especially if you care about things other than cost. But what we really wanted to understand was the longer-term impact on public sectors' capability to design (and where necessary deliver) more effective services, and develop better policy, over time. It was here that Tingle's warnings about the consequences of eroding memory rang true.

The latest iteration of the employment services model, *jobactive*, had just rolled out when the new Prime Minister slipped into the Lodge last September. Like its predecessors – three since the mid 1990s, under a rolling series of tenders and contracts with private and

not-for-profit service providers – *jobactive* offered a series of rejigs and realignments to patch over gaps and deficiencies under the last regime without opening up too many new ones. Like their forebears, the departmental experts charged with the latest redesign faced a highly improbable, if not impossible, task. Unemployment is a whole-of-economy, whole-of-policy issue: it is influenced by macroeconomic conditions and community level factors and everything in between, including the full range of human services in education, health and elsewhere. The “caseload” is large and equivalently complex. Many people who use employment services, particularly among the nearly 200,000 people who were unemployed for a year or more as of mid-2015, face “multiple and entrenched disadvantage” and complex, interrelated barriers to getting work.

All the evidence suggests that doing better for these people – providing services that can materially improve their prospects of finding and holding down employment – is very difficult, and commensurately expensive. Meanwhile, the logic of outsourcing means those who design the service system are asked to come up with better services at lower cost. Moreover, they are far removed from the front lines in the private and not-for-profit sectors where the services are actually delivered, and where the jobs and jobseekers are. The days of having senior policy people with lived experience providing services are mostly a memory. Today, the consultants who provide services to job-seekers at the frontline at private or non-for-profit providers are, on average, lowly paid, overworked and inexperienced. At every level, people have been asked to do more with less: less money, less memory, fewer tools, less time.

Understandably, under those circumstances, the track record of employment services in the two decades since the outsourcing experiment began have been mixed. The data gives an overwhelming sense of a two-speed system. For jobseekers with reasonably good employment prospects, the new approach has generally delivered decent results, at lower cost over time. But for the most vulnerable and disadvantaged jobseekers – with low or obsolete skills, long term unemployed, in at-risk groups or regions, or (or more often, *and*) complex personal, health and other challenges – poor outcomes seem intractable. In the last twelve months of Job Services Australia, which preceded *jobactive*, up to three quarters of the most disadvantaged jobseekers in vulnerable cohorts (including youth, long-term unemployed, sole parents and indigenous Australians) who had used employment services remained unemployed or had stopped using employment services altogether. For a model heavily premised on ‘activating’ jobseekers by keeping them looking for jobs under threat of withdrawal of welfare payments, this is a startling result. Costs have indeed fallen, but despite continued recalibrations and the odd pocket of improvement in the quarterly or annual reporting data, the outsourced system has failed to make major headway on better outcomes for its most disadvantaged clients.

In some senses, outsourcing has failed to deliver even on its own terms – in part because of its inherent limitations and realities. Competition is meant to deliver better, cheaper, more tailored services, and more choice. But it can be illusory: in employment services, a system which used to count over 300 providers has seen consolidation to around 50, dominated by the larger players. Where competition does exist, it can create barriers to sharing data, ideas and innovations that work. At the same time, the need to monitor performance and prevent rotting by contractors creates inflexibility, risk aversion and major compliance and reporting burdens. Overlaying all of this is the all-too-real risk of perpetual underfunding when narrow notions of ‘efficiency’ and cost minimisation become the guiding philosophy for service provision.

The risk is that, even when outcomes are poor, policymakers and providers are stuck with a self-perpetuating, path dependent cycle of procurement and renewal that crowds out alternatives, including those that require a more active or dynamic role for the public sector.

The changes that have been introduced through the various iterations of the contracted-out employment services model have focused on managing these tensions and risks rather than reassessing (much less re-imagining) the system itself. The priorities are dictated by the particular shortcomings of the previous model and the budget envelope rather than any appetite or licence for major change. This process of ongoing recalibration, combined with fluctuations in economic conditions, makes it difficult to compare performance across different models or programs. And, over time, the policy capabilities and toolkits needed to undertake more significant reform of the system are eroded, as a narrower set of specialised contract management skills are prioritised. The risk is that, even when outcomes are poor, policymakers and providers are stuck with a self-perpetuating, path dependent cycle of procurement and renewal that crowds out alternatives, including those that require a more active or dynamic role for the public sector.

These concerns apply with equal force not just in employment services but potentially across a whole range of areas where service delivery is contracted out. And the consequences are profound. In an immediate sense, poor outcomes or underperforming services have a very real impact for the vulnerable people who rely on them most. In the longer run, push toward privatisation and narrowing of public sector capability can do lasting harm to governments’ ability to respond to disadvantage and inequality. This is compounded by broader underinvestment in public sector capacity and, all too often, ideologically-driven public sector budget and staff cuts.

These add up to something even more damaging. Government's ability to address disadvantage is fundamental to its standing. Many actors have roles and responsibilities in this area. But even where direct accountability for a particular service area or outcome is mixed or blurred – where, say, delivery of key services is funded by government but outsourced across different providers – it is government that will ultimately be held to account for entrenched, intergenerational failures. The role of the government will inevitably change, but that fundamental responsibility, and expectation, will not. The public doesn't want excuses or alibis – it wants results. Advancing wellbeing and addressing disadvantage is pivotal to government's moral and democratic legitimacy. And while some political leaders are inclined to forget that, the public isn't. Out-of-touch, ineffective, indifferent government from afar – in fact or impression – is bad politics, as well as bad policy. If that wasn't clear before Brexit, Trump and a close-run Australian election campaign defined by Labor's commitment to protecting vital public services like Medicare, it should be now.

This isn't to say that preserving capability and policy memory means looking backwards for old answers to new problems (like a return to monolithic public sector delivery of employment services). It is as much about guarding against the sentimental view that we can revert to earlier, easier answers as it is maintaining the skills and expertise to identify and fix the problems we face today. There are exciting opportunities to do things differently, whether through public, private, or mixed models. This includes through new 'commissioning' approaches, provided these aren't just deployed as a rhetorical cover for a one-track contracting-out agenda. Equally, in some areas, there is clearly a need to rebuild capability where it has been lost, as well as build up the new skills needed for today's more complex service design and delivery roles. The contrasting approaches of the Andrews and Baird governments, with the former focused on rebuilding public capability and the latter embarking on a new 'commissioning' drive, show just how much is in contention and at stake. These debates will be ongoing – and if we want to influence them, we as advocates for an effective public sector have to be prepared to look forward as well as backward for ideas about what might work. In the meantime, when it comes to outsourcing, the evidence and experience from employment services and elsewhere reinforces one timeless piece of advice: remember to always think twice.

A Progressive Approach to a 21st Century Public Sector

Melissa Donnelly,
Deputy Secretary, Community and Public Sector Union

Let me start with a quote:

'What we have to do in government in my view is stop panning public servants and do more to ensure that they do their job better...

One of the things we've got to do is respect the public service – respect it, expect more from it, and make sure that it has more challenging and interesting work to do.'

Unsurprisingly there is a lot we would agree with in that statement. More surprisingly, it was said by Prime Minister Malcolm Turnbull. There is, however, a yawning gap between the sentiment in that statement, and the actual reality of what this Government is doing, and proposing to do to the public sector.

The Turnbull Government's plans for the public sector include:

- Privatisation of key Medicare operations, Australian Hearing, the ASIC registry and others.
- Pursuing a 'smaller government agenda' – which has so far meant more than 17,000 job cuts and funding cuts across vital services like public education and health. In CSIRO that has meant losing 1 in 5 staff. In the Australian Taxation Office this has meant losing 4,400 staff at a time when there is significant public interest in ensuring corporations and high wealth individuals pay their fair share of tax.

These are some of the immediate pressures, but they are symptomatic of wider pressure on the role and legitimacy of the public sector.

The public sector finds itself under pressure to justify its role, articulate its purpose and guarantee its long term presence in policy expertise and service delivery.

Since the 1990s, the space occupied by the public sector has been increasingly squeezed. The rise of neoliberal economics, spurred on by budget pressures, has seen governments privatise public sector institutions and turn to private providers for service provision.

Advocates of neoliberal economics see a very limited role for the public sector to play and have an ideological preference for any other provider.

And this is not just in service delivery areas where we have seen the role and position of the public sector under pressure. In the space of policy expertise and advice, the increasing use of consultants and the rise of the political adviser have squeezed the policy space previously occupied solely by the public sector.

If government is lagging in IT infrastructure, which it currently is, it increases the pressure on government to hand over vast and valuable databases to the private sector in the, often vain hope, of getting better and cheaper systems.

Two other factors that I wanted to mention, which are challenging the role and position of the public sector and how successfully the public sector is able to respond to these, will be important.

Firstly, there is increasing political pressure on the public sector and its senior leaders to deliver for the particular government of the day, rather than for the community, and nervousness about giving 'frank and fearless' advice if it's advice the government doesn't want to hear. This is manifested in different ways – some subtle, some not so subtle:

- A general emphasis for public sector leaders to be 'more responsive' to the needs of government.
- Changes in how senior leaders are selected and dispatched – most famously played out in the Night of the Long Knives, but there's also greater willingness, particularly by conservative governments to choose ideological 'allies' for senior public sector positions.
- There has also been a crackdown on APS employees' rights to express political views, particularly on social media, where those views are construed as not supportive of the government of the day.

Secondly, digital disruption and technological changes are rapidly changing the way members of the community engage and interact and what they expect from government.

And to date, elements of the private sector have been better at meeting these expectations – which is a huge problem for government because increasingly data is the most valuable asset an organisation can have. If government is lagging in IT

infrastructure, which it currently is, it increases the pressure on government to hand over vast and valuable databases to the private sector in the, often vain hope, of getting better and cheaper systems. The proposed outsourcing of the Medicare payments system, which will mean handing over vast amounts of medical and financial data to a private company, is a case in point.

How the government and public sector breach this gap is an increasingly urgent problem and will be instrumental in determining the ongoing success of the public sector as a direct service provider.

Universal services impose on government the obligation to assist all of us, wherever we are. Governments are very directly accountable to us when services they provide break down. And governments are required to be transparent.

Role for a 21st century public sector

With a long term ideological pushback against the public sector and immediate challenges to how it operates, why is a strong public sector important in the 21st century?

For a start, people want it. Despite decades where conservatives and neoliberal economists have done their best to lower expectations about what people can expect from the state, support for public services remains high. In 2015, 82% of respondents to an Essential Research survey thought it was very important or important that the government maintain the capability and skills to directly deliver social services, rather than paying private companies and charities to deliver these.

Governments must mitigate inequality, support strategic industries, promote skills, directly provide certain basic universal services and defend the democratic framework that allows markets to be balanced against other forms of social organisation.

The public service offers three key things that other providers simply do not: democracy, universality and transparency. Universal services impose on government the obligation to assist all of us, wherever we are. Governments are very directly accountable to us when services they provide break down. And governments are required to be transparent.

Of course, this does not mean that governments and the public sector always meet our expectations or achieve these ideals, but it is only through the public sector that these are possible.

On the other hand, what markets are said to offer that governments don't is choice. The government's Harper review of competition policy has a lot to say about that – choice of providers, choice of services and so on. More personalised service, the option to pick a provider, to 'vote with your feet' if you're not getting what you want.

Community empowerment and local democracy have increasingly become tangled up with neoliberal logic of competition and choice. Academic Anna Yeatman **said that** neoliberalism reduces 'voice' to 'choice' – assuming that democracy simply means the consumer's ability to pick from a variety of products. But being able to choose from a few different providers doesn't guarantee equality of access or good fundamental services. And it does not guarantee the kind of localised, democratic community control that many people look for from the third sector.

There are countless examples of outsourcing gone wrong. The Centre for Policy Development's excellent *Grand Alibis* report details how declining public sector capability is eroding our ability to deal with persistent disadvantage. In the UK, so-called 'Red Tory' Philip Blond championed a Big Society that promised localism, devolution and empowered communities but delivered privatisation, funding cuts and disengagement.

Increasingly we are also seeing cases of outsourcing in public policy-making and analysis go wrong. The recent debacle over the misused BIS Shrapnel report on negative gearing is one. An entire book has been written on the colossal failures and bad advice of international consulting firm McKinsey.

How do we build the public sector we need?

Firstly, we need political will – government rhetoric on risk and innovation is rarely matched by the stomach to stick with programs that are taking a while to work. Instead, political reflexes are to blame the department and then cancel or cut programs when things do not go entirely to plan.

And whenever the budget gets tight, cuts to the public sector again seem like the easy option. Budgetary challenges – which are largely self-imposed when governments are unwilling to address revenue – lead to cuts in service quality, which lend credence to arguments that the private sector simply does it better. The loss of institutional memory that arises from these cuts – vividly described by Laura Tingle in her recent *Quarterly Essay* – compound the problem and make future failure more likely.

This leads to my second proposition: we need long term planning and investment – planning and investment that goes beyond budget cycles and elections. This is clearly vital, although easier to say than to deliver.

The *Moran Ahead of the Game* report was a step in the right direction – it did seek to set out a longer term plan for where the public sector had to go and how to get there. Unfortunately, however, funding for that dried up and political events seemed to overtake it.

While public sector agencies are living hand to mouth, this kind of longer term planning and investment won't occur.

Thirdly, we need to get better at measuring and assessing services. In terms of accountability, transparency and improving performance it is important that the public sector does this and does it well.

As MP Andrew Leigh recently pointed out, our efforts at evaluating whether our programs are working currently leave something to be desired, which is an interesting problem given that there are so many publicly available performance measures that apply to public programs. What we currently have is a lot of scrutiny, but the scrutiny is based on narrow performance measures that can easily miss the fundamental issues of service quality.

If we do not accurately and transparently measure services when they are delivered by other providers, then we let governments outsource responsibility and accountability – we let them say ‘that it is not our problem’.

The example of the Australian National Audit Office's (ANAO) report into the DHS Centrelink Call is a case in point. The ANAO found that 22 million calls in a year went unanswered, but you would not find that information out from reading DHS's annual report or key performance indicators.

A more accurate assessment of overall service quality needs to be accompanied with the two factors I've already outlined: that is, political commitment and longer term investment to provide better services. A better assessment of service quality also needs to look at issues of personal service and responsiveness – those kinds of service characteristics which critics of the public sector say can only be achieved through other providers.

It is also important that we measure and assess services when taxpayer funded services are provided by other providers. The reality, of course, is that some services are delivered through other providers now – whether that's entirely through private enterprise, community sector or some sort of shared delivery system.

If we do not accurately and transparently measure services when they are delivered by other providers, then we let governments outsource responsibility and accountability – we let them say 'that it is not our problem'. Measuring outcomes and addressing deficiencies in performance under these models is much harder to do, but it is still critically important.

Currently there is very little useful public information about the quality or effectiveness of the services where those services are delivered outside of the walls of the public sector.

Doing this better would require a shift in the way contracts are constructed and performance targets are set. There should be better mechanisms to provide accountability and quantify performance that are consistent with those used across the public service. We need to look at the whole issue of the use of 'commercial in confidence' designations being used as a mechanism to evade transparency.

Whether services are delivered under the public sector, or another model, there is a role for public and independent examination of those performance measures by an entity like the ANAO. That examination should include consideration of whether the performance standards, as currently construed, give a genuine overview of the quality of services that are being provided.

Conclusion

In conclusion, we are defenders of the role of government in making Australians' lives better. But we have never argued that the public sector should remain the same. However 'change' and 'innovation' are too often used as Trojan horses for narrow economic conservatism.

It is profoundly unimaginative to assume that innovation in public policy means picking from a short list of economic options that have been tried many times in the past 30 years across the world and repeatedly been found wanting.

Rather than just trying to fight off the next privatisation or outsourcing plan, let's be genuinely imaginative – let's have a conversation about what we want from our government and our public sector, and be bold about how we can achieve the society we want. Let's map that out and then measure our progress to that goal. This is what we should ask for from government, and this is what government should be asking the public sector to deliver.

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Fabian publications, including our long-running pamphlet series, have played an important part in determining both state and national political agendas.

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