

**What's wrong with privatisation?
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For the last ten years of their long lives, my parents Dot and Bill Watts relied heavily on the City of Greater Geelong for home and community care. My parents had retired in their late sixties to Ocean Grove on the surf coast. My mother died at 84 and my father at 92 both in 2008. They lived well and they died in their own home. Over the last eight years or so of their life together Geelong Council's HACC program provided Dot and Bill with weekly cleaning which my parents looked forward to, not least of all for the company and the cups of tea and biscuits they shared with a succession of wonderful women; they also got monthly gardening and general home tidying; and then in the last few years, as Dot's dislike for cooking really kicked in, they agreed to take in meals-on-wheels which provided healthy, nutritious and affordable meals. Finally as they grew increasingly frail both got support with their personal hygiene- like showering which my father seemed to enjoy a lot.

What they got was care, offered with both sensitivity and a regard for their dignity and their wishes. It helped that it was a service that was also affordable- and that many of their friend and neighbours were also looked after by the HACC program. I have no doubt it extended the physical and emotional quality and scale of my parents' lives immeasurably.

In some ways HACC was a late add on to the old idea that said governments should own things, should investing in people, should regulate various markets so as to ensure people could own their own homes and should provide basic services ... all in the name of promoting the public good. Back in the 1980s higher education was free. Back in the 1980s governments owned banks, shipping companies, oil refineries, brickworks, pipe-works, flourmills, fishing trawlers, timberyards, butter factories and clothing manufacturers. Then as Michael Pusey put it a 'nation-building state changed its mind' as politicians talked up the idea that deregulation and privatisation should be used to create free markets and promote competition.¹

Decades later we confront another 'bright idea', that we privatise HACC, an idea promoted by the Productivity Commission and a succession of Australian governments.

¹ Michael Pusey (1991, *Economic Rationalism in Canberra: A nation building State changes its mind*, Melbourne: Cambridge University Press.

As you'll recollect the Home and Community Care (HACC) Program was established under the *Home and Community Care Act 1985*. It was a joint Australian Commonwealth (Federal) and State/Territory Government programme run in collaboration with local governments around the country. It provided support to all frail older people, younger people with disabilities and their carers.

The program was designed to help people like my aging parents stay at home and prevent inappropriate or premature admission into residential care. The HACC Program was jointly funded by the Australian Government, and the State and the Territory governments. The State and Territory governments were responsible for managing the programme while the Australian government maintained a broad strategic role. The Home and Community Care (HACC) Program, which provided low-level services to enable an older or disabled person to stay at home, was a small but important part of the 'aged care' programme. In 2011, over one million older Australians (and their carers) each year got Australian government-subsidised services with more than half receiving low intensity support through the Home and Community Care (HACC) program.

In 2014-15, over 812,000 people aged 65 years and over (50 years and over for Indigenous Australians) used Home and Community Care (HACC) services. In 2014-15 13% of Australian federal government aged care expenditure was on the Home and Community Care (HACC) programme.²

However in 2011, Australia's Productivity Commission reported that the HACC system was 'complex and difficult' to navigate with 'considerable discontinuity' between the levels of private co-contributions paid for HACC services.³ They made a recommendation to consolidate the many assessment processes currently undertaken by HACC providers and Aged Care Assessment Teams (ACATs).

In April 2012, the Gillard Labor government in response to the Productivity Commission report, published a package of so-called reforms "*Living Longer, Living Better*". The *Living Longer, Living Better* 'reforms' passed into legislation in June 2013. The Labor government claimed that these 'reforms' would deliver 'a less regulated, more consumer-driven and market-based aged care system'. It was claimed that it would also provide more support and care at home, additional home and residential care places, a focus on greater consumer choice and control, greater recognition of diversity and support to carers. In future it seemed that community care packages were to be delivered under a consumer-directed care (CDC) model from July 2015.

² The services provided by the Home and Community Care (HACC) program were means tested, with the level of personal contribution to service charges dependent on income, an individual personal assessment of need for that service, and a level determined by the nature of the service. Meal services were full cost, transport services depended on distance travelled, home improvements negotiated individually, podiatry at a subsidised cost, and all other services, taken together, subject to an overall cap on the fees paid.

³ Commonwealth of Australia (2011), *Caring for Older Australians - Productivity Commission Inquiry Report*

From July 2015, the Home and Community Care (HACC) Program was consolidated into the *Commonwealth Home Support Programme* (CHSP) with funding of around AU\$1.64 billion. The theory of this is that Consumer Directed Care (CDC) is intended to give service users 'greater choice by allowing them to decide what types of care and services they access and how the services are delivered'. CDC has already been in use for Home Care packages since 2013 and its intention is to allow greater transparency about what funding is available under a Home Care package of care and how that money is spent, through an individualised budget and a monthly statement. From February 2017 the funding for 'a Home Care package will be allocated directly to the end user.'⁴

As a teacher I get my students to focus on just three questions: So let me ask these three questions that really matter:

- ❖ What is actually going on?
- ❖ How do we best understand or explain what is happening?
- ❖ Can we do better?

This is what is actually happening. What is actually going on is the effort of a political class that is besotted with a neoliberal project a delusional and deeply toxic policy commitment to privatisation. Neoliberals say they want to shrink government, increase the role played by markets in most aspects of life, and promote individual freedom and competition so as to create an efficient and a fair society.

That's what they say. What they actually do is quite different as I'll suggest shortly. As Richard Denniss, the chief economist at the Australia Institute has recently said, 'The era of 'economic rationalism', small government and blind faith in market forces is dead'.⁵ However I am afraid that as Mark Twain once said famously, after reading his obituary in a local newspaper, '*The report of my death was an exaggeration*'. Indeed as Denniss goes on to acknowledge, 'even as a corpse the idea that what is good for business is good for the country [still] has so much rhetorical and political power...

What is privatisation?

Privatisation is not one policy. There are at least six kinds of privatisation.

⁴ In fact The Federal Government's proposed merger of the Commonwealth Home Support Program and home care packages was deferred until July 2020. The Coalition government's policy was first announced in its 2015-16 budget but little progress was made to integrate the two programs by the government's slated start date of July 2018. In May 2017 the budget announced a \$5.5 billion extension of existing CHSP contracts and My Aged Care Regional Assessment Services for two years. While the move provides some certainty to CHSP providers, whose funding agreements were set to expire on 30 June 2018, the measure puts on hold the creation of a single, integrated community aged care program for another two years. In Victoria, current CHSP funding agreements expire on 30 June 2019. Victorian providers will be offered new contracts for 12 months until mid-2020, which will bring that state into line with other states and territories.

⁵ Richard Denniss, 2018, *Dead right: How Neoliberalism ate itself and what comes next*, (Quarterly Essay No 70: Melbourne: Schwartz Publishing) p.1

- ❖ Governments get rid of vital welfare and justice functions which they hand over to private for-profit companies and not-for-profit charities like employment services, disability services and home and community care
- ❖ Governments at all levels have sold off valuable assets like Commonwealth and State banks, Telstra, electricity, gas and water utilities that had long been provided by governments as a public service along with public transport systems like rail tram and bus services and even the odd airline like QANTAS.
- ❖ Governments have also decided to stop investing directly in basic physical infrastructure and services. Governments have introduced so-called 'public-private' partnerships to provide basic infrastructure like freeways, bridges, tunnels - and even prisons.
- ❖ Governments have also deregulated various markets like the labour market or the banking and finance systems and arguing that creating free markets and committed to competition will impose discipline increase economic growth, employment and accountability and so forth
- ❖ Cutting public investment to basic public services like public education and health and asking schools universities and hospitals eg., to believe that they now operating in education or health care market, run like businesses sell their services advertise and introduce the language and behaviour of corporate managers and use fake data/metrics to show how the 'new' 'markets' and 'competition' 'works' they're actually doing better (like customer satisfaction surveys)
- ❖ Finally governments have introduced the user-pays principle. In the case of education this has meant requiring young people to take on mountains of debt to pay for their post-secondary education. in VET/HE. spiralling debt e.g. as we require young people to pay for their own education. The comprehensive failure of vocational education privatisation is now universally recognised and it won't be long before the disaster it has achieved in Higher Education is also revealed.

Privatising HACC is part of a long history of bi-partisan support by so-called Labor and so-called conservative governments for what we used to call 'economic rationalism' and now call neoliberalism.⁶

Privatising HACC is just a part of a long-term policy framework introduced first under the Whitlam government and then set loose by the Hawke-Keating Labor governments between 1983-1997 and added to on a continuing basis by both so-called Labor and so-called conservative governments. The rhetoric consistently adopted by both Labor and Coalition governments has talked up the value of a

⁶ Here's a trivial pursuit question which makes a strong point about this bipartisan support. Q: Which two recent Prime Ministers are multi-millionaires and which parties have they lead? A: Former ALP PM Kevin Rudd earned \$82 million in 2017-18 from his alcohol and perfume companies. This is part of the joint wealth estimated at \$245m shared with his wife who set up Ingeus (Chaired for a time by David Gonski) an employment services company in the mid-1990s with a focus on people with disabilities based on the premise of offloading government responsibility for human services. Liberal PM Malcolm Turnbull has an active investment portfolio of \$200m + . Much of his wealth likewise comes out of privatisation process in this case in the health care industry as revealed in his MP's Register of Interest (which runs to 28 pages).

more 'market-based, consumer-driven aged care system'. In 2015, eg., Senator Fifield said eg., the move to open up competition in the home care sector will lead to enhanced quality, innovation and service delivery'.

None of this is true.

Neoliberalism and privatisation is both a failed and a fraudulent policy: it doesn't actually deliver what its advocates say it will produce ... like smaller government, or cheaper, more efficient services or more competition or more economic growth. Far worse is that it is a toxic policy that causes serious social, economic and political harms.

Privatisation hasn't made the provision of services cheaper or better

Even Rod Sims chairman of the Australian Competition & Consumer Commission (ACCC), has been publicly critical of infrastructure privatisation in Australia. As he says 'replacing a public monopoly with a private monopoly makes society worse off'.

For example, as Sims observes, privatising ports at Botany Bay, Port Kembla and Port of Melbourne relied on conditions restricting competition from other ports. The result, unsurprisingly, was big increases in port charges.

While claiming privatising freeways and bridges will mean cheaper and more efficient freeways, bridges and tunnels, handing over the building and operation of freeways to entities like CityLink has actually come at a massive cost to taxpayers. It has costing billions of dollars more than doing it the old way chiefly because the private companies have demanded and got hidden subsidies and major tax incentives all at a cost of billions of dollars in foregone taxes.

Privatisation has contributed to pervasive corruption and criminality

We have been hearing from some months now from the Hanes Royal Commission extraordinary revelations about the pervasive, almost systematic levels of corruption and criminal conduct in the deregulated banking and financial system. This was to always to be expected. When you deregulate systems like this corruption and criminality is given a green light. When you deregulate the labour market why be surprised to discover that vulnerable workers are either not getting paid at all or are being systematically defrauded by their employers with under award wages.

As John Quiggin reminds us, the public funding of for-profit vocational education has created a rich field for criminals to get in and defraud students and governments alike. The idea here was to open the state-funded TAFE system to 'competition' from private providers. Nationally the HECS system was

extended to for-profit providers through FEE-HELP. The effect was to give strong incentives to enrol as many students as possible, while keeping costs to a minimum. Bogus courses and colleges sprang up and aggressive salesmen enrolled students who had little or no chance of completing their courses. This bipartisan policy began with the Brumby and Baillieu governments in Victoria and the Howard government federally.

Privatisation creates a crisis of accountability that is directly connected to the crisis of democracy.

Privatisation contributes to a crisis of democracy

Governments have long stopped listening to the ordinary people. Most Australians don't want it, yet governments made up of the major parties keep pushing it down our throats. As John Quiggin notes 'from the viewpoint of ordinary Australians, privatisation is a policy that has consistently failed but is remorselessly pushed by the political elite. It is little surprise that voters are turning to populism in response'

As the Centre for Policy Development notes in its most recent report, a great majority of Australians don't want smaller government. What 75% of us want to see is a public sector embedded in more parts of Australia. They also want a federal anti-corruption commission (77%), a tougher code of conduct for parliamentarians (79%), putting citizens on parliamentary committees (68%), giving public agencies more independence from the government of the day (55%), and a constitutional convention on how we can update the Australian Constitution for the 21st Century (57%).⁷

Another big survey carried out by the ACTU of 57,959 people conducted from September 2017 to February 2018 found:

- 81.4% say it's hard to get a decent pay rise in their workplace
- 91% are worried about the loss of permanent jobs for the next generation of workers in Australia
- 95.6 % agreed unions should be able to bargain with the decision makers, whether it's at enterprise, franchise, sector or industry level
- 83.5% say it's "extremely important" to change the rules so employers cannot get away with underpaying workers

Secondly and worse privatisation has created a vacuum of accountability. When governments do bad things they can be held to account at the next election. Privatisation creates a block to accountability

⁷ CPD, 2017, What Do Australians Want? Active and Effective Government Fit for the Ages | *DISCUSSION PAPER* | December

by passing the buck onto NGOs and private companies and thwarting a basic mechanism of democratic accountability.

Privatisation has contributed to a dramatic increase in economic inequality in Australia because governments have used the taxation system to provide hidden subsidies to wealthy people and companies in order to make it seem that privatisation operates on pure free market principles -when it cannot.

We have seen in the last few years massive levels of public investment in wealthy individuals and business – Since the 1980s governments have created some 200 legal tax avoidance schemes -like negative gearing- worth \$168 billion in tax welfare for the rich in 2016-17. Worse as part of their apparent commitment to free market principles, over half of the 500 biggest companies in Australia pay no tax because they have lobbied governments to change the tax system in their favour so tax avoidance becomes legal.

Neoliberalism works by playing tricks with our language. Doing this kills off truth. When truth is killed off so is trust.

Let me explain. Ideas like ‘competition’, ‘customers’, ‘markets’ and ‘contestability’ are magic words... and misleading. Neoliberals rely on magic words and use systematic linguistic tricks involving what philosophers call ‘category mistakes’. For example a ‘dog’ is a ‘dog’ and not an ‘orange’: calling a ‘dog’ an ‘orange’ is a category mistake. Neoliberals get the categories and names wrong. -deliberately.

Neoliberals use words like ‘customers’, ‘markets’ ‘contestability’ and as if these words can apply to anyone and anything. A real ‘market’ is something like Camberwell market or the housing market where buyers and sellers are buying and selling and negotiating. A ‘customer’ typically knows what they want and how much they’ll pay when they go into a Myers store. Let’s be clear then: when someone is injured in a car crash or is sick, even dying we are talking about sick people needing immediate care from the best equipped doctors, nurses, clinics and hospitals: they are not customers in some thing neoliberals like to call a health care market. A young student is a person whose lack of experience and knowledge will hopefully be addressed by caring engaging thoughtful teachers paid for by the whole community who together will transform that young person: unlike customers they don’t know what they want to need and that is what an education changes. An older person who discovers often slowly and in the company of friends and family that they need certain kinds of care they are students and sick people.

Neoliberalism has encouraged a flight not only from democracy but from responsibility, justice and fairness

The language categories that neoliberals use lead them into very odd policies. In late 2016-17 we saw the result of decades of a persistent refusal to invest in young people. Young people most of them on remand rioted at the Parkville YJC in response to crumbling youth justice centers all a result of 'tough on crime' policies as Labor governments try to appease populist tabloid media.

We have seen a similar refusal to invest in public health especially for people with mental health and substance use issues leading to unprecedented numbers of homeless people. Here in Victoria we have seen the ultimate obscenity the Andrews' Labor government proposes to deal with the 'housing crisis' [i.e. too many young families unable to get into the first home buyer market], by selling off what is left of our public housing estates to private developers. These private developers will build houses for middle-income earners to buy while expelling existing public housing tenants for the next few years with entirely fake promise that they can come back... even as we face record numbers of people on waiting lists for public housing ... they'll now never get.

In short: privatisation and the neoliberal project has failed, yet the major parties have refused to give up on this unmitigated policy disaster.

And this is where local government now faces an historic choice and opportunity. Let me be very clear: politics always involve real choices. When the Iron Butterfly Margaret Thatcher said 'There is No Alternative', she was lying.

The political choice

Local governments in Victoria face a political choice: to acquiesce in a bad, even toxic policy, or to take a stand in support of democratic principles oriented to some simple ideas about justice, an idea about what care looks like, and how it connects to ideas about good life.

Let us be clear councils are already making those choices, some badly others well.

In late March 2018, South Gippsland Shire Council decided to withdraw from providing Home and Community Care (HACC) services and made 43 jobs redundant. HACC staff wept as council made the decision at council meeting. The council said its decision was 'forced by changes in government funding' One of its councillors (Cr Don Hill) said that in 'the lead up to the last elections, I asked everyone I met what they liked about the Shire. The number one ... service was the health and community service without a doubt'. Council will pay redundancy packages worth approximately \$1 million (The *Great Southern Star*, 4 April 2018).

On 30 April 2018, the Australian Services Union (ASU) attended a Home and Community Care meeting at Indigo Shire's Chiltern office. There Indigo Shire announced that Alpine Health would be the new service provider. Staff will be made redundant on the 30th June, 2018 and will be able to apply for positions with Alpine Health. THE ASU advised that the working conditions offered by Alpine Health will not equal the previous EBA agreement, leaving workers disadvantaged by the proposed changes

In April 2015, Bendigo City Council voted to cease providing HACC. In May Bendigo Council made the unanimous decision to reverse its original decision after it received a petition with 2,588 signatures, 123 phone calls and emails, 46 letters and countless calls to councillors, Mayor Peter Cox said that the Bendigo Council had agreed to implement efficiencies with the aim of the services becoming cost neutral and fully funded by contributions from the State and Federal Governments and client fees (*Bendigo Advertiser* 7 May 2018) .

Finally in early July, Moonee Valley Council decided it would continue to offer aged care services despite what it called 'uncertainties about future Federal funding'. This council provides aged care services to about 16 per cent of seniors who live in Moonee Valley. Councillors voted unanimously to continue council services despite an officer's report that found the introduction of the Commonwealth Home Support Programme (CHSP) and national aged care reforms would change the way aged care services were funded. Councillors received a round of applause from the public gallery after rejecting a proposal to subcontract out and eventually exit the service area. One Councillor (Nicole Marshall) said she was sick of the provision of services being reduced to a dollar figure: 'I don't want to be a council that knows the price of everything but the value of nothing,' she said. Cr. Marshall argued there was evidence the privatisation of care throughout Australia was not delivering the best results for 'clients' (*Herald-Sun* 2 July 2018)

It's Time...

To recall a famous political slogan: it's time. It's time for ordinary Australian's to remind all governments what an ethic of care looks like when we think about our most vulnerable people. It's time for ordinary Australian's to remind the political class what democracy looks like and why democratic accountability matters. We face imminent existential challenges like climate change, new disruptive technologies, dramatic increases in social and economic inequality, the persistent threat of war and a financial system that is out of control. We can no longer afford to stick with a policy frame based on competitive individualism, greed and free markets. It is time for a new political and policy framework that values solidarity, public service and a duty of care. As Richard Denniss says:

The world is full of alternatives and choices. Neoliberalism's real power came from convincing us that we had none. We do, and making them is the democratic role of citizens-not the technocratic role of economists nor that of any self-serving elite.'

