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**Submission by the Justice and International Mission Unit, Synod of
Victoria and Tasmania, Uniting Church in Australia to the inquiry
into the impact of changes to service delivery models on the
administration and running of Government programs
23 August 2019**

The Justice and International Mission cluster, Synod of Victoria and Tasmania, Uniting Church in Australia, welcomes this opportunity to make submission to the inquiry into the impact of changes to service delivery models on the administration and running of Government programs. Unfortunately, the breadth of this inquiry and the short time allowed for the drafting of submissions has limited our ability to respond to many of the terms of reference to the inquiry.

Inquiry Terms of Reference

The impact of changes to service delivery models on the administration and running of Government programs, with particular reference to:

- a. the privatisation of Australia's visa and citizenship program, including:
 - i. the integrity of Australia's visa and citizenship system,
 - ii. the commercial implications and increased costs to industry, with particular regard for the tourism and higher education sectors,
 - iii. the implications to national security, data security and privacy, and
 - iv. the risk to public sector employment – especially rural and regional employment – through service delivery model changes; and
- b. Centrelink's Robodebt compliance and outsourced debt collection program, including:
 - i. the integrity and impact of the automated debt collection processes,
 - ii. the limitations and impact of Robodebt collection methods,
 - iii. the identification of inaccurate debts – made without human oversight,
 - iv. the impact to public sector employment – especially on the capacity and adequacy of staffing level, and
 - v. the review and appeals process for debt notices; and
- c. the broader outsourcing of functions in the Human Services portfolio and at the National Disability Insurance Agency, including:
 - i. the processes for contracting and tendering under the outsourcing of services,
 - ii. the impact of capped staffing numbers and the efficiency dividend at government departments/agencies,



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- iii. the future planning and preparation for the outsourcing of departmental functions,
- iv. the impact outsourcing has on service provision, and
- v. the impact on current public sector employment and the risks to future public sector employment;
- d. the outsourcing of security vetting services in the Australian Government Security Vetting Agency, including:
 - i. the processes for contracting and tendering under the outsourcing of services,
 - ii. the impact of capped staffing numbers and the efficiency dividend at government departments/agencies,
 - iii. the future planning and preparation for the outsourcing of departmental functions,
 - iv. the impact outsourcing has on service provision, and
 - v. the impact on current public sector employment and the risks to future public sector employment; and
- e. any related matters.

Introduction

The fundamental tenant of the Christian faith, “to love the Lord your God with all your heart, soul and mind and love your neighbour as yourself” assumes a model of relationships and community. Thus the Synod views privatisation and marketization through the lens of if they contribute to the well-being of the community. The Synod of Victoria and Tasmania, at its meetings of the approximate 400 representatives of congregations and presbyteries, has over a period of time expressed opposition to the privatization of some services.

In 1993 the Synod meeting opposed the privatization of prisons in Victoria:

93.4.3.3 The Synod resolved:

That the Victorian Government be advised that this Synod opposed any moves to introduce privately owned and operated prisons into Victoria.

In 1994 the Synod meeting expressed concern about the impact of privatization of water and electricity assets:

94.5.1.1 The Synod resolved:

In the light of moves by the Victorian Government to privatise public utilities, to:

- (a) request the Commission for Mission to develop responses to the broader issue of privatisation and in particular, its impact on financially vulnerable members of the community; and*
- (b) make strong representations to the Victorian Government that access to affordable water and fuel is a basic human right in Victorian society.*

In 1995 the Synod meeting opposed further privatization of electricity, water and gas supplies in Victoria:

95.6.9.7 The Synod resolved:

- (a) To express the Synod's opposition to further privatisation of Victoria's electricity, water and gas industries, because it does not believe it enhances community co-operation and equitable access to these essential services, and to advise the Victorian Government accordingly.*
- (b) To request the Victorian and Australian Governments and opposition parties to each provide a clear statement on its policy position on the privatisation of public utilities.*



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(c) *To request the Synod Commission for Mission to continue to provide means by which Uniting Church members may be informed on and involved in debate on the issue of privatisation, including the sponsoring of a forum presenting a wide spectrum of opinion.*

In 1995 the Synod meeting also expressed caution at the adoption of the National Competition Policy:

95.6.9.6 *The Synod resolved:*

To communicate a note of caution to the Australian Government about adopting the National Competition Policy as detailed in the "Hilmer Report" because of the need to balance economic, social and environmental goals.

In 1998 the Synod meeting expressed opposition to the privatization of water utilities in Victoria:

98.5.8.1 *The Synod resolved:*

To express to the Victorian government its opposition to the possible privatisation of water supply in Victoria, and:

(a) *To request the Commission for Mission to undertake detailed research on the privatisation of water supply, including research into the experiences of other states in Australia and authorities overseas, with a view to informing the church, the wider community and the government of the known and potential consequences of the privatisation of water supply and paying particular regard to the theological, health and social aspects of the availability of clean safe water;*

(b) *To request the government of Victoria to maintain the integrity of Victorian water catchment areas, so as to ensure the continued provision of water of excellent quality;*

(c) *To request state and federal governments to continue research and development programs in the problems of salination in rural areas of Victoria and the nation.*

In 2017 the Synod meeting expressed the view that privatization of human services should not be pursued unless it led to an improvement in the service for the same overall cost:

The Synod resolved by consensus:

(a) *To affirm governments have an important role in providing high quality human services that are accessible to all people;*

(b) *To call on the Commonwealth Government:*

(i) *to work from the starting point that changes to existing publicly run human services must always pursue the common good;*

(ii) *not to privatise existing publicly run human services unless there is an assured improvement in the level of service quality and accessibility, with effective regulation and oversight; and*

(c) *To write to the Prime Minister, the Treasurer, the Leader of the Opposition and the Shadow Treasurer to inform them of this resolution.*

In 1988 the meeting of the National Assembly, of Uniting Church representatives from across Australia, passed a resolution which in part expressed concern about privatization because of its possible negative impacts and it also expressed concern about policies that fostered maximization of profit at the expense of the vulnerable in the community:

(a) *To request the Australian Government and State governments to adopt social justice policies and strategies which:*



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- (i) ensure the protection, development and equitable distribution of Australia's true wealth, giving serious consideration to the issues raised in the report "Economic Justice the Equitable Distribution of Genuine Wealth";*
- (ii) discourage business development and government programs which maximize profits at the expense of such wealth;*
- (iii) recognize that privatisation is not simple a matter of current budgetary decisions, but an issue of government responsibility for ensuring accessible services and equitable distribution of and access to wealth, and involving serious questions about the role of government in influencing the shape of Australian society;*
- (iv) reform the taxation system in ways which will ensure that taxation becomes a means of redistributing income and wealth so that all people gain a more equitable share, and so that those on lower incomes do not bear a disproportionate percentage of the taxation burden.*

The Synod acknowledges that delivery of high quality human services can be conducted by government, the not-for-profit sector and private providers, or a combination of these providers. However, there is not a one size fits all and the Synod is concerned at the neoliberal trend to see government as the provider of last resort, rather than acknowledging there are some services and functions that are best provided by government. There are also service areas where for-profit providers are the worst option, based on public interest and the common good.

Services and functions should be assessed by their overall benefit to society. For example, a reduction in regulation of disability service providers may result in reduced administration costs for such providers, but if this comes at the cost of a net increase in the prevalence of abuse and neglect of people with disabilities accessing the services then, in our view, there is a net loss to the type of society we are. Similarly, if turning the provision of a human service into a more competitive market drives up illegal exploitation of people working in that sector there may be a benefit to people accessing the service (through reduced costs) and to government (through lowering funding being needed), but increased illegal exploitation is a negative impact in our society. Thus, privatizing services and functions or turning them into markets, when they are not natural markets, needs to be considered not only from the perspective of individual services competing in the new system, but also what trends the changes drive and if those trends benefit the society as well as the people using the service.

In any consideration of moving to privatize services and functions the following factors are amongst those that should be considered:

1. The impact on the quality of the service for those that need to use the service;
2. The risk of increased exploitation of the workforce and of illegal exploitation of the workforce. Complying with workplace laws that guarantee decent jobs should not be seen as a regulatory burden to providers;
3. The risk of government revenue being lost to fraud (as occurred in the VET sector) or being gamed by providers that provide a sub-standard service. In many human service areas there will be people who need the service that cannot afford to pay for the service and thus many service providers will ultimately receive the payment from the government, be it by direct payment from government or through the government providing the funding to the person using the service who then chooses which service provider to use. Thus ultimately it is government funding that is at risk when providers carry out fraudulent activities or game the system;
4. The risk of eroding the quality of the workforce in the sector, through lowering of what gets paid for the service, through workloads that prohibit time for professional development or through creating an environment of job insecurity throughout the sector so that people are

not attracted to work in the sector. Lower wages and greater job insecurity also drive up staff turn-over in services, which can have significant impacts on the quality of care users of the service provide. We have experienced complaints by service users having to repeat explaining their case history multiple times as staff change due to high staff turn-over.

5. If the introduction of market norms into a particular service area will have negative social consequences in the behavior of providers and/or users or if there will be wider negative impacts on our society.

The 'quality' of a service can be hard to define, which makes it hard for governments to set quality standards where the human service is turned into a market or even when the service is tendered out. A provider of the service that is not dedicated meeting the needs of the people needing the service, but who wants a contract or is driven by profit maximization, may therefore gain a price advantage by providing a lower quality service. Such a provider may seek to 'game' government quality standards, looking for loopholes that allow a price advantage at the cost of a poorer quality service.

There are also intangibles, such as courtesy and cultural sensitivity, that will be hard for government to specify by measurable outcomes within quality standards. Although in some cases surveys of the people using a particular service could help identify if a provider of the service is meeting the expectation of its users.

Too often in reality of what privatization of public services really means is lowest cost by any means possible including:

- Employing staff with lower qualifications so that wages can be reduced;
- Pressuring staff to work extra unpaid hours or illegally underpaying employees;
- Cutting out quality assurance measures and measures to ensure occupational health of safety or the safety of the people accessing the service from abuse;
- Breaching government quality assurance standards; or
- Cutting costs by using suppliers that are engaged in illegal activities, such as using a cleaning business illegally underpaying its workforce on temporary work visas.

Services that are funded by government should be responsive to government and the citizens that elect the government. To ensure accountability to citizens, transparency of service providers should be a consideration in any privatization of services. Wherever possible government contracts to provide services should be publicly available before the contract is awarded, so that citizens can know what arrangements are being entered into by government on their behalf. There are few legitimate reasons why such contracts should not be made public.

Experience of Privatisation in the UK

In 2012, Social Enterprise UK commissioned a report into the wave of privatization by the UK Government of services. The report concluded:¹

- Complex business arrangements and a lack of information as a result of commercial confidentiality made it impossible to hold many providers properly to account.
- An unknown amount of public funding was being taken out of the social economy and redistributed to private individuals and investors through shareholder dividends, rather than being retained in areas where services were commissioned, or being reinvested in service improvements. There were many examples of contracts that included multiple layers of sub-contracting, with profit taken at each level. This turned considerable amounts

¹ Zoe Williams, 'The Shadow State', Social Enterprise UK, 2012, pp.5-6.

of public funds into private wealth when it could have been reinvested in services. It also exacerbated the sort of inequalities that public services were trying to tackle.

- In many cases a saving in one part of the public purse created an equal or greater loss in another – for example bidding on price usually created a race to the bottom on wages, fueling low pay and inequalities. Low paid workers were less able to save for their retirement, creating the possibility of increased pension expenses in the future.
- The drive to cut costs and maximize profits incentivized businesses to act in ways that were inconsistent with government aims.
- When problems did arise, such as the collapse of a private provider, as a result of complex financial deals designed to maximize financial gain, the public purse is forced to pick up the pieces.
- Public understanding of government privatization was lacking.

In terms of the ‘too big and too complex’ to fail, the report’s author pointed out Serco operated public transport services, managed laboratories, ran prisons and juvenile justice institutions, provided security services to the National Borders Agency, provided accommodation and detention services for asylum seekers, supplied electronic tagging systems, provides maintenance for military bases, operates air traffic control services, facilitates and manages hospitals, manages pathology services, operates waste collection services for local councils and manages education authorities on behalf of local governments.² The point the author made was with government dependence on one corporation for this range of services is likely to mean that government would intervene to prop up the corporation should it ever be likely to fail, creating an unacceptable risk for the public purse.

National Disability Insurance Agency

There has been a significant shift away from the original plan to have 10,595 staff employed directly by the Commonwealth Government in the National Disability Insurance Agency (NDIA) by the 2018-2019 financial year. Instead this was reduced to around 3,000 staff.³ As of 30 June 2018 there were 2,634 employees and 1,799 contractors and secondees at the NDIA.⁴ The level of contractors and secondees raises the question about the challenge this presents in the NDIA building up the necessary institutional expertise and knowledge. Cognitive psychologist, Gary Klein, has pointed out that the experience people build up over years in an employment role usually leads to better decisions being made in an organization.⁵

A February 2018 independent evaluation of the NDIS conducted by the National Institute of Labour Studies at Flinders University, and funded by the Commonwealth Department of Social Security, found in relation to the NDIA staff:⁶

increasing concerns about high workloads and stress, skills and knowledge gaps, and

² Zoe Williams, ‘The Shadow State’, Social Enterprise UK, 2012, p. 10.

³ Questions from Senator Seselja to Senator Fifield on 18 August 2015, <https://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id:%22chamber/hansards/fc8d1d66-49f8-404c-8495-0e6ca38f5802/0047%22>; and Philip Hamilton, ‘Public sector staffing and efficiencies. Budget review 2016-17 Index’, Parliamentary Library, https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/BudgetReview201617/PublicSector

⁴ National Disability Insurance Agency, ‘Annual Report 2017-2018’, 2018, 55.

⁵ Gary Klein, ‘Sources of Power. How People Make Decisions’, MIT Press, USA, 1999.

⁶ Kostas Mavromaras, Megan Moskos, Stéphane Mahuteau, Linda Isherwood, Alison Goode, Helen Walton, Llainey Smith, Zhang Wei and Joanne Flavel, ‘Evaluation of the NDIS’, National Institute of Labour Studies at Flinders University, South Australia, February 2018, xvi.



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considerable levels of turnover within the NDIA. Improved training, career opportunities, and strategies to manage workplace stress and workloads were recommended.

The evaluation found that staff in the NDIA and the Local Area Coordinators (LACs) felt the need to work very long days, including weekends and outside regular office hours to meet the demands of their roles.⁷ As one staff person told the researchers:⁸

I'm taking work home, I'm doing it on the weekends, my flex is up to a week. I had 38 hours, other people had more. And people were encouraged to come in on the weekend and they were tired during the week.

Many NDIA staff told the researchers there was a perception that the KPIs for the NDIA were 'all about the numbers' rather than quality of plans. High workload contributed to feelings of not doing a good job; of increasing potential of making mistakes; and guilt for not undertaking work that was felt needed to be done but not prioritised. Work stress was linked to high rates of resignations and in some cases adverse health impacts for staff.

There were... numerous times when I considered leaving the Agency purely because of the level of pressure and the impact that it was having on my health.

A lot of the original cohort are now looking for jobs, and also people who've recently come are looking for jobs elsewhere, because they just can't sustain the hours that they're working and the pressure that's on them.

There's a lot of meltdowns happening. It's just the stress. It's just very, very busy.

Privatisation of the Visa System

The Synod is concerned that the privatization of the visa processing system may result in increased charges to applicants and at the same time a reduction in the quality of the screening required in the granting of visas. These risks raise a strong case as to why privatisation should not occur, with higher charges for a lower quality service.

Visa application fees represent a source of \$2.03 billion in revenue in 2017-2018.⁹ With that level of revenue involved and that the system will be run as a monopoly is likely to make the system attractive to a private for-profit provider and means there are significant risks associated with the privatization.

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⁷ Kostas Mavromaras, Megan Moskos, Stéphane Mahuteau, Linda Isherwood, Alison Goode, Helen Walton, Llainey Smith, Zhang Wei and Joanne Flavel, 'Evaluation of the NDIS', National Institute of Labour Studies at Flinders University, South Australia, February 2018, 81.

⁸ Kostas Mavromaras, Megan Moskos, Stéphane Mahuteau, Linda Isherwood, Alison Goode, Helen Walton, Llainey Smith, Zhang Wei and Joanne Flavel, 'Evaluation of the NDIS', National Institute of Labour Studies at Flinders University, South Australia, February 2018, 81.

⁹ Department of Home Affairs, 'Annual Report 2017-2018', 69.