

PUBLIC

The public good and the public services:

PRIVATE

what role for the private sector?

DAVID HAYWARD assesses community attitudes to privatisation.

Introduction

IN HIS analysis of the 1984-85 National Social Science Survey, John Braithwaite¹ found that, while Australians supported private ownership of industry, most wanted governments to continue to own industries as diverse as airlines and banking through to utilities, telecommunications and postal services. They also wanted governments to regulate the labour market and industry conduct more generally, and most wanted increased spending on health and education. He concluded that:

Australians are overwhelmingly attached to the economic status quo. Australians like their mixed economy: Greater government ownership of industry is unpopular but so is privatisation of industries presently owned by the government (p. 26). Braithwaite commented that the opinion poll findings presented the

then Hawke Labor government with a significant political challenge, as Labor had been moving progressively closer to the neoliberal position supporting deregulation, privatisation and budget austerity, an agenda taken from the conservative side of politics. Braithwaite asked:

How long can it be that a community, fed the rhetoric of deregulation from both sides of politics, will hold out in its strong support for arbitration, occupational health and safety, consumer protection, affirmative action and so many of the indisputably regulatory activities which are at the core of Labor policy and philosophy? The irony may be that community attitudes...are being slowly undermined by the government's own efforts (p. 35).

Fourteen years later, it seems appropriate to revisit Braithwaite's question. Over the last twenty years, governments around the country and of both political complexions have sold around \$150 billion of assets, from airlines, banks and half of Telstra, through to electricity and gas utilities, ports, grain boards, even metropolitan

public transport, placing Australia at the top of the pro-privatisation rankings. Deregulation, liberalisation and their complement, competition policy, have also been high on the agenda. Relatedly and more recently, governments have embraced the privatisation of public services, using the model of the purchaser/provider split in conjunction with a rigorous promotion of contracting out to outsource core public service functions to the private or non-government sector.

Are the days of the mixed economy gone? Has the very idea slipped away, not just in reality but from people's minds as well? And what of the public services? Are people comfortable with the concept of public services for profits? These are the questions I want to explore using the results of a survey we have just completed at the Institute for Social Research.

Our poll was prompted by a similar survey conducted recently by the *Guardian* newspaper in Britain, which formed part of a special series probing the condition of the public services after twenty years of being roughed up and downsized.

Table 1: Should non-government organisations be paid by governments to supply public services?

	Frequency	Percentage
Yes	546	55.0
No	394	39.7
Don't know	52	5.2
Total	992	100.0

We tried to keep our questions as similar to the *Guardian's* as possible to enable comparisons to be drawn, and I shall consider this towards the end of my article.

The poll

The poll was undertaken during November 2001, shortly after the federal election. One thousand randomly chosen Australians were surveyed by telephone, using a survey instrument kept deliberately brief. The survey was national, but we have broken the results down to enable state by state comparisons.

Respondents are broadly representative of the population, although slightly more women than men responded, there are slightly too many older Australians, and Queenslanders have a slightly higher representation than their population share implies.

The findings

The public services

Let's start by looking at people's attitudes towards the public services. This is especially important and relevant at the moment given the promotion by governments of contracting out over the last ten years in particular. The argument behind this has been that governments should steer, not row, and that it is possible for governments to get better value for money by putting as much as possible out to tender to private companies

To begin with, we asked whether non-government organisations, such as churches, should be paid to deliver public services. A majority of our respondents (55%) agreed that

Table 2: Public 'helping' services should be 'not for profit'

	Frequency	Percentage
Strongly agree	441	65.1
Disagree	155	22.9
Strongly disagree	15	2.2
Neither agree nor disagree	66	9.7
Total	677	100.0

they should be. It should be noted, however, that almost 40% said no. It should also be noted that those who felt that they should be paid were not asked whether public services should be delivered by non-government agencies instead of by public sector professionals. One suspects that the preference would be for them to fill in temporary gaps rather than be full-time and permanent service providers.

But, in a way, this is not what's important. The more important issue is whether people believe that there is a role for profits in the delivery of public services. We asked our respondents this question, and they were unambiguous in their reply: 88% felt that public services should not be run on a profit making basis, with 65% feeling this way 'strongly'. Contracting out might be popular in the Productivity and Competition Commissions, but for Australians generally it is firmly out of favour.

The last ten years have been tumultuous ones in public administration, with almost all areas being affected by management reforms, downsizing and contracting out. Of course, this was meant to lead to better services that were more customer focused. We asked our respondents whether they felt the public services had improved or not over the last ten years. The results were not encouraging. While 36% felt they had improved, almost 40% felt they had declined. Interestingly, the group most likely to believe that services had declined were those aged over 50.

More profoundly, we also asked our respondents whether they felt

Table 3: Are public services better or worse than they were ten years ago?

	Frequency	Percentage
A lot better	125	12.6
A little better	231	23.3
The same	158	16.0
A little worse	187	18.9
A lot worse	189	19.1
Don't know	100	10.1
Total	990	100.0

that public servants had more or less respect today than was the case twenty years ago. Almost 70% felt that respect had fallen, which is not surprising given the way that public sector professionals have been portrayed by politicians and the media over this period.

Three broad conclusions follow from the preceding discussion. Firstly, there is a very strong view that private sector firms should not be allowed to provide public services. Secondly, there is a mixed view about whether or not and on what basis non-government groups should be involved in the delivery of public services. And, finally, the reforms of the last decade have not won the support of those they were intended to help the most: those who consume them.

Essential services and the private sector

Some public services are more important than others, for example, policing and legal functions, as well as others that we might consider to be essential in that all citizens require access to them in order to live a decent life. Many of these have been provided through utilities established along commercial lines, but with a balanced charter that includes important social and environmental considerations.

We asked our respondents what role they felt the private sector should play in delivering a range of these services. Again, the answers were unambiguous: privatisation enjoys very little public support, despite twenty years of promotion by both major political parties, at

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Table 4: Percentage of respondents agreeing that the private sector should wholly or mainly own selected services

Service	Should be wholly or mainly privately owned
Prisons	2%
Public transport	12%
Water	9%
Electricity	14%
Gas	19%
Telephones	22%
Hospitals	7%

Table 5: Percentage of respondents agreeing that governments should wholly or mainly own selected services

Service	Should be wholly or mainly government owned
Prisons	76%
Public transport	50%
Water	71%
Electricity	59%
Gas	50%
Telephones	36%
Hospitals	60%

Table 6: Percentage of respondents in favour of public/private partnerships in selected services

Service	In favour of public/private partnerships
Prisons	19%
Public transport	34%
Water	17%
Electricity	25%
Gas	27%
Telephones	38%
Hospitals	35%

>> all levels of government. Levels of support in each of the areas mentioned struggled to reach one-fifth of those sampled, except in the case of telephones where support was at a remarkably low 22%. In the case of hospitals (7%) and prisons (2%), support for privatisation didn't even reach double figures.

It could be said that the clear lack of enthusiasm for private ownership might be balanced by a similar lack of enthusiasm for public ownership. This is not true. Across all services, most people would prefer public to private ownership and in most cases, a clear majority take this view. The only exception is telephone networks, but even here the percentage in favour of government ownership (36%) is still higher than those in favour of private ownership (22%).

What of the new fad for public/private partnerships? There is very little enthusiasm for this option, which might partly be explained by the relative newness of the concept to Australia, but is more likely to be explained by the attachment to the idea of public ownership of essential services.

Once again, these findings are quite striking, for they show that privatisation is not popular and that public ownership retains a strong following despite the bucketing it has received from almost all political quarters over the last twenty years. This in turn

raises the questions of whether it would be feasible for a future government to entertain the idea of re-nationalising those assets the people never wanted to be sold. I shall return to this in my concluding thoughts.

Competition policy

The last area of our survey I want to touch on is competition policy, another policy that has enjoyed bipartisan support over the last decade. It has also enjoyed the high profile backing of leading figures, such as Alan Fels, who has come to be our foremost celebrity bureaucrat and life-long friend of the consumer.

Rather than simply ask our respondents whether they thought competition policy to be good or bad, we thought it best first to ask them if they had heard of it. A staggering 65% answered 'no'.

What might explain this level of indifference? We suspect that, for most people, competition policy, like the neoliberal agenda more generally, is an annoying irrelevance, yet another piece of techno-speak by politicians always keen to benefit a few at the expense of the majority. Our politicians and leading public servants might dream of increased competition as a solution to all our problems but, for most Australians, a better dream is to be found in the complexities and emotions of a social life that draws on a richer set of values and emotions. It is no

coincidence that while our politicians have become obsessed with the economics, the best-rating TV shows are the likes of *Sea Change* and *Neighbours* which draw upon entirely different sets of values and principles to that of the market.

Summary and analysis

These findings cannot easily be explained away. It is not the case that people have changed their views on these matters, even though so many of our core services have been privatised over the last twenty years. Table 7 summarises the results of fifteen opinion polls on this topic conducted during the 1990s. What is striking is that opposition to the sale of government business enterprises has remained very strong (between 60% and 70%), while support for sales has been consistently weak (between 30% and 40%). Although not shown in the table, the degree of opposition remains strong across all demographic groups and by voting intention. It is even strong amongst those who have bought shares in privatised companies. In February 1996, 55% of the Telstra shareholders who were surveyed by Morgan were opposed to the Howard government selling Telstra (compared to 62% for all respondents).

How do our findings compare with those of the *Guardian*, which

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Table 7: Australians' attitude to privatisation during the 1990s

<i>Date, place and survey firm</i>	<i>Sample size</i>	<i>Question</i>	<i>Favour</i>	<i>Oppose</i>
Victoria, 30 July, 2 Aug. 1990 (Saulwick)	500	Should the State Insurance Office be sold?	40%	55%
National, 1-3 Oct. 1990 (Saulwick)	1,000	Do you support privatisation of the airlines and Commonwealth Bank?	40%	50%
		Should the Gas and Fuel Corporation be sold?	30%	66%
National, 1994 (Economic Planning and Advisory Commission)		Should the following activities be under private ownership?		
		Motorways	16%	82.7%
		Airlines	32.7%	62.7%
		Hospitals	31.4%	66.7%
		Police	27.7%	70.2%
		Garbage collection	20.3%	75%
		Schooling	32.3%	64.5%
National, 25-26 Oct. 1994 (Saulwick)	1,000	Should railways be privately owned?	32%	64%
		Should water supply be privately owned?	22%	75%
		Should electricity industry be privately owned?	31%	66%
		Should ports be privately owned?	48%	45%
		Should postal services be privately owned?	30%	67%
Victoria, 31 Jan. 1995 (AGB McNair)	503	Do you agree/disagree with sale of electricity industry?	22%	63%
Victoria, 30 March 1995 (AGB McNair)	600	Do you agree/disagree with sale of electricity industry?	28%	64%
National, 19-21 May 1995 (AGB McNair)	2,054	Do you agree with the government's strategy of selling government owned assets to reduce the budget deficit?	26%	64%
		Do you approve of the sale of the Commonwealth Bank?	27%	64%
Victoria, 28-30 July 1995 (AGB McNair)	501	Do you agree/disagree with using tolls to finance freeways?	41%	55%
Victoria, 12-14 Aug. 1995 (AGB McNair)	500	Do you agree with proposed further sales of electricity companies?	29%	67%
National, 25-27 Aug. 1995 (AGB McNair)	2,055	Do you support or oppose continued sale of government assets?	30%	59%
		Do you support the sale of Telstra?	29%	61%
		Do you support the sale of Australia Post?	22%	72%
National, 31 Jan. 1996 (AGB McNair)	1,000	Would you prefer Telstra to be privatised?	7%	
		Would you prefer one-third of Telstra to be privatised?	22%	
		Would you prefer Telstra not to be sold?	61%	
National, Feb. 1996 (Roy Morgan)		Do you agree with the Coalition's proposal to partially sell off Telstra?	33%	60%
NSW, 25-26 Feb. 1998 (Roy Morgan)	600	Do you favour the sell-off of New South Wales' electricity assets?	21%	64%
National, 18-19 March 1998 (Roy Morgan)	546	Do you agree with the Coalition's proposal to sell off the remaining two-thirds of Telstra?	27%	62%
Victoria, NSW, 10-15 May 1998 (Taverner Research)	602	Should the government sell the rest of Telstra?	23%	69%

Note: percentages may not add to 100% because 'other/not stated' category omitted.

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I mentioned earlier? Both surveys have produced remarkably similar findings. Interestingly, the one area where we did not ask identical questions concerned whether or not governments should buy back selected services. The *Guardian* found high levels of support for the re-nationalisation of rail and prisons, reflecting the findings of an earlier poll undertaken by the *Economist* in the early 1990s where there was two-thirds support for the re-nationalisation of electricity and water. Our best guess is that, were we to have asked them, our respondents would have answered the same way.

Concluding thoughts

What are the implications of these findings for public policy, and especially for Labor, which is desperate for new ideas and needs to get cracking? First, there is no popular support for a 'third way' type agenda advocated by the likes of Mark Latham. People want

effective public services. They don't want another way.

Second, there is a strong level of support for policy changes which remove the profit motive from the delivery of public services. The contract state must be rejected, and that includes the contracts on which senior public servants are employed.

Third, a move to renationalise prisons, electricity, gas, public transport and even the Commonwealth Bank is likely to be popular. In the case of electricity and public transport in Victoria, the private operators are in deep financial trouble and prospective buyers are very hard to come by. In the case of public transport, the assets were not sold. They were given away, and it would not be surprising if some might like to simply give them back.

All this returns us to the question with which we began: public attitudes and the mixed economy. Nearly two decades ago, Braithwaite was worried that the increasingly bipartisan support by

Labor and the conservatives for the neoliberal agenda would eventually undermine the strong support for the mixed economy he had uncovered in the National Social Science Survey. The ISR's public good survey shows that his fears were unfounded. The mixed economy remains a popular concept everywhere, except in the halls of political power around the country where someone else's agenda reigns supreme.

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This paper is an extract of a Fabian Society talk at the New International Bookshop on 13 February 2002. The survey findings are part of a larger project on the public services to be published by Scribe later in 2002.

1 John Braithwaite, 'Economic Policy: What the Electorate Think', in Jonathan Kelley and Clive Bean (eds), *Australian Attitudes: Social and Political Analyses from the National Social Science Survey*, Allen & Unwin, Sydney, 1988.