

Please do not cite or  
reproduce without explicit  
permission from the author.

# **THE PRIVATISATION OF HUMAN SERVICES IN AUSTRALIA: MYTH AND REALITY**

**MARK LYONS**

**CACOM WORKING PAPER NO. 5**

**JULY 1991**

Mark Lyons is an Associate Professor in the School of Management, University of Technology, Sydney. He is Director of the University's Centre for Australian Community Organisations and Management (CACOM).

This paper was presented at the Social Policy Conference, organised by the Social Policy Research Centre at the University of New South Wales, 4th July, 1991

ISSN 1036 823X  
ISBN 1 86365 036 9

## **CENTRE FOR AUSTRALIAN COMMUNITY ORGANISATIONS AND MANAGEMENT (CACOM)**

Community organisations are the product of group or community initiatives. They are formed to provide services to their members or to a wider public. Community organisations are particularly active in providing community services, health, housing, culture and recreation, education and training, finance, religion and in the organised representation of interests.

Community organisations are not run to make a profit for owners or shareholders and are not under the formal control of government. As a class they differ in important ways from both for-profit and government organisations. They differ in the ways they are governed, in the variety of their sources of income and in their frequent reliance on volunteers.

It is the mission of the Centre for Australian Community Organisations and Management (CACOM) to strengthen the Australian community sector and its management through research, management training and publication.

Among CACOM's objectives are:

- . to promote a better understanding of the Australian community sector by undertaking and publicising basic research on its size, its resources, its management practices, its history and its relations with government and other sectors of the economy; and,
- . to provide an information resource by collecting and disseminating research and other information vital to the community sector.

To this end CACOM sponsors a Working Paper Series.

Generally, CACOM Working Papers will publish research undertaken by CACOM members or encouraged by CACOM. The aim is to make the results of research widely available as quickly as possible to encourage discussion. In some cases, the research reported in a working paper will be further refined for refereed publication.

Working papers are available to academics, researchers, community sector managers, public servants and others who are interested in better understanding the Australian community sector.

If you wish to comment on this paper or seek further details of CACOM's activities and publications, write to:

The Director  
Centre for Australian Community  
Organisations and Management (CACOM),  
University of Technology, Sydney,  
Kuring-gai Campus, P O Box 222,  
LINDFIELD NSW 2070, AUSTRALIA

Phone: (02) 330 5311  
Fax: (02) 330 5583

## CONTENTS

|  | <b>Page</b> |
|--|-------------|
| The Evidence for Privatisation   | 1           |
| How Good is the Evidence?  | 3           |
| What Can Public Finance Data Tell Us?  | 8           |
| Conclusion   | 21          |
| References   | 23          |
| <b>Tables: Support for Non-Government Organisations -<br/>by all Governments</b> |             |
| Table 1 - Welfare Services   | 13          |
| Table 2 - Health   | 14          |
| Table 2a - Nursing Homes   | 15          |
| Table 2b - Non-Institutional Health  | 16          |
| Table 3 - Primary and Secondary Education  | 17          |
| Table 4 - Housing and Community Development                                      | 18          |
| Table 5 - Labour and Employment Affairs  | 19          |
| Table 6 - Recreation and Culture   | 20          |
| <b>Figures: Grants as a Percentage of Government Outlays</b>                     |             |
| Figure 1 - Welfare Services  | 13          |
| Figure 2 - Health  | 14          |
| Figure 2a - Nursing Homes  | 15          |
| Figure 2b - Non-Institutional Health   | 16          |
| Figure 3 - Primary and Secondary Education                                       | 17          |
| Figure 4 - Housing and Community Development                                     | 18          |
| Figure 5 - Labour and Employment Affairs   | 19          |
| Figure 6 - Recreation and Culture  | 20          |

The current debate on privatisation ... indicates a movement to return social welfare provision to sectors or systems other than government... (ACOSS, 1989, p.6)

The re-emergence of the voluntary sector has been facilitated by public policies designed to transfer responsibility for welfare services from the government to the non-government sector. (Baldock, 1991, p.109)

... with the more systematic transfer of services to the non-governmental sector... (Baldock, 1990, p.113)

...over the past two decades ... a number of functions such as service delivery and management have been transferred from the state in a way that in most terms amounts to privatisation. (NCOSS, 1989, p.2)

This rebirth of the non-government sector can arguably be seen as a privatisation of the welfare state (NCOSS, 1989, p.22)

Human services in New South Wales have been and continue to be the subject of a wide range of reviews intended to produce changes which fit under the general rubric of "privatisation". (Evatt Research Centre, 1989, p.208)

The moves towards privatisation, if they are to continue, will have serious long term consequences. (Graycar and Jamrozik, 1989, p.296)

### The Evidence for Privatisation

It is commonly presumed that Australia's human services, like those in Thatcher's Britain and Reagan's America, have experienced their share of privatisation. The prefatory quotes make that clear. The evidence for privatisation is what is said to be a growth in the services provided by private, not-for-profit (or voluntary or non-government or community) organisations at the expense of services provided by government organisations. Privatisation in human services is also said to be evidenced by an increased reliance on volunteers and user charges, and by the sale of public assets.

Many examples of privatisation are provided. To take some mentioned in the sources quoted above:

Commonwealth Rehabilitation Service

The sale of large centres operated by the Commonwealth Rehabilitation Service (CRS) and the requirement that the CRS place more emphasis on seeking out compensable (or paying) clients (ACOSS, 1989, pp.15-16).

Public Housing

The sale of public housing to tenants (ACOSS, 1989, p.16; Evatt Research Centre, 1989, pp.210, 242).

Hostels for the Aged

The reduction in government capital subsidies for aged hostels (NCOSS, 1989, p.5).

Child Welfare.

The increased use, in at least three states, of voluntary organisations or private social work practitioners in organising adoptions (ACOSS, 1989, P.18; Roughley, 1991, p.7), in providing alternate care (ACOSS, 1989,p.17) and in handling cases of child abuse (ACOSS, 1989, p.18; Evatt Research Centre, 1989, p.400).

Home and Community Care

The Home and Community Care (HACC) Programme is said to involve transferring "the responsibility for servicing (sic) the aged and disabled to a wide range of community organisations" (Baldock, 1990, p.111) and to involve extensive mobilisation of volunteers (ACOSS, 1989, p.20).

Emergency Relief

"...the formal transfer of responsibility for handling emergency relief to voluntary agencies". (Baldock, 1990, p.110). "... a sign of the state winding back." (ACOSS, 1989,p.19).

Employment and Training Programmes for the Long Term Unemployed

"Numbers of public sector employees have declined and numbers of community sector employees have more than trebled in some areas" (NCOSS, 1989, p.22).

Employment and training programmes for young offenders and for intellectually disabled contracted out in Western Australia (Evatt Research Centre, 1990, p.55-6).

### Schools

Increased fees charged by Victorian government schools during the 1980s as government outlays on education declined (Evatt Research Centre, 1989, p.253).

An increased use of volunteers in Western Australian schools as educational funding was cut (Evatt Research Centre, 1990, p.361-2).

Most Australian studies start with reference to privatisation overseas. Works by Julian Le Grand (Le Grand, 1983, cited in ACOSS, 1989, p. 2); David Heald, (Heald, 1984, cited in ACOSS, 1989, p.2); Maria Brenton (Brenton, 1985, cited in Baldock, 1990, p.105) and Neil Gilbert (Gilbert, 1983, cited in ACOSS, 1989, p.2. and Graycar and Jamrozik, 1989, p.295) are cited by one or more of the Australian studies. With the exception of the last mentioned, an American, the others are British authors. Several studies (e.g. NCOSS) note that the major debate on privatisation in Australia has focussed on government business enterprises such as Telecom, Qantas and State Electricity authorities, but claim that this has concealed the extent of privatisation occurring in the human services. In general, it is assumed that like other welfare states, Australia in the 1980s has seen significant moves towards privatisation.

But has it?

### How Good is the Evidence?

On close examination there are several things about the examples cited above that deserve note.

They are, by and large, a pretty thin set of examples on which to base some of the confident assertions quoted at the beginning of this paper.

If privatisation is a new development some of the examples have a surprising longevity. As the Evatt Research Centre study acknowledges, unlike England, sales of public housing to tenants was a characteristic of Australian housing policy from the early 1950s until moves to prohibit it by the Fraser government in the early 1980s (Evatt Research Centre, 1989,

p.243). The provision of cash, clothing and food vouchers as emergency relief has been a major work of voluntary agencies such as the Salvation Army, St. Vincent de Paul Society and the Smith Family since they began in Australia in the late 19th and early 20th centuries. The creation of a modest Commonwealth government programme subsidising community organisations providing emergency relief, while it enables some small community organisations to provide relief, did not create that role for the community sector. And although none of the authors cited chose to comment, the withdrawal by state governments from direct provision of emergency cash relief by their welfare departments was more a product of the inevitable conflict between commonwealth and state governments than any desire to "privatise" that function.

Several other examples, on closer scrutiny, provide at best ambiguous support for a privatisation thesis. The Commonwealth government sold its large rehabilitation centres, but opened numerous smaller centres. The process was part of a policy of reordering the relationship of the CRS with state health systems and making CRS facilities more accessible. It may be that the changes resulted in the loss of certain services, but it was not privatisation. The requirement that the CRS include among its clients those who could afford to pay because they had compensation might be a form of user pays, but it is more complex than that. Compensable clients do not have to pay from their own pocket, rather their costs are covered by insurance, which in the case of work related disabilities was paid for by their employers. A policy change requiring the CRS to seek out these clients and to collect fees from them was designed to enable the CRS to offer its services on a more or less universal basis. The move to universalism is generally seen as a move in the opposite direction to privatisation.

Nonetheless, there are cases where low or no growth in government financial support has lead to organisations introducing or raising fees. Victorian public schools provide one example. Child care might appear to provide another example, but on closer scrutiny it does not. Government subsidised child care centres were forced to increase fees in real terms in 1986 when the Commonwealth government cut the operating subsidy it provided each centre. But many of these centres were already private (the rest were local government sponsored), and already charged fees which the government further subsidised for low income users. But these examples are not many and to balance them one would have to recognise that for some residents of

nursing homes, fees charged by the home have actually fallen in real terms as a result of changes in government subsidies in nursing home care and its insistence that for all than about five percent of nursing home residents, fees charged are to be no more than 87.5% of the aged pension plus rent assistance.

Some policy changes identified as privatisation were clearly the result of the Commonwealth government seeking closer targeting of its financial resources. Targeting is certainly a prominent theme in human service provision in Australia in the 1980s, but whether it is sensible to call it privatisation is moot. The tightening of subsidies to community organisations building aged persons hostels was designed to encourage older people who owned their own home to sell it in order to buy and help maintain a hostel place. The alternative would be to allow them to pass it on to their children earlier than they would otherwise. If the result is a small diminution in the real value of their estate, then only those who steadfastly oppose all forms of death and gift duties would be perturbed. Generally speaking, requiring someone who owns a home to use revenue from the sale of that home if they wish to purchase another residence, is not described as privatisation.

The Home and Community Care (HACC) program can be said to exemplify privatisation in only a very limited sense. It did not represent the transferring of responsibilities for aged services from government to community organisations. Rather, it represented the Commonwealth government boosting subsidies to (mainly) community organisations providing home care in order to reduce demand for and thus expenditure on, more expensive nursing home places. This meant reducing the rate of increase in government outlays on subsidies to the mixture of mainly not-for-profit and for-profit organisations that ran nursing homes. The Commonwealth government may have also been motivated by the realisation that State governments contributed almost nothing to nursing home care but could provide almost half the increased expenditure on community care. The HACC program is designed to help people who would otherwise have to move into supported accommodation probably nursing homes, to stay at home. In some cases, it serves to support existing carers who are usually close family members. Without it, the frail older person would have to be admitted to a nursing home and their relative thus relieved of their responsibility to provide care. So, only in so far as the HACC program enables some people



to continue to carry caring responsibilities, and only if this could be said to be privatisation, can HACC be said to be an example of that phenomenon. It is a very slim case at best.

As well, HACC is also seen as a case of privatisation because it enables the use of volunteers. This is a little puzzling. Without the additional government expenditure on HACC (e.g. expenditure on Meals on Wheels) it is possible that some people would not have been organised into volunteering to deliver meals. But this additional voluntary activity is a result of additional government expenditure. This hardly fits the stereotype of privatisation which is that it is driven by a determination to cut government expenditure. Perhaps governments should have increased their expenditure still further to enable those jobs to be all performed by paid staff, but to say that a government's failure to increase expenditure by 2x rather than x is a case of privatisation, is to strain credulity.

As to the oft made claim that privatisation is evidenced by the increased reliance on volunteers, there is precious little data to support it. Some community organisations certainly encourage volunteering; others do not. Some government departments rely on volunteers a little more but some other services, such as meals on wheels in some areas, are now delivered by paid staff because volunteers cannot be recruited. What one can be certain of is that women of workforce age who are not in the labour force, the group most often said to be the mainstay of voluntary caring activity, is actually growing smaller as a percentage of the population. On the other hand, many of these women are in part time employment, perhaps because of, or at least enabling, voluntary work commitments. But, in short we do not know if more or less people are volunteering or are being sought for voluntary work.

There does seem to have been some privatisation, some shifting of responsibility from public employees to private (mainly community) sector organisations in child welfare. But this is hardly evidence of a significant privatisation of welfare provision and there are some suggestions that it might lead to better results for clients (Roughley, 1991, p.7).

Against these examples from child welfare, we need to note at least one major example of nationalisation (if that be the opposite of privatisation) during the 1980s. This is the conversion of the ninety million dollar Home

Care Service of NSW from a network of community managed home care providing agencies into a statutory authority, responsible to the public service head of the Department of Family and Community Services. The process had begun under a Labour government but was finally completed by the Greiner Liberal government. The reasons for the government takeover have a good deal to do with the extra funds flowing to the Home Care Service through the Home and Community Care program and a belief, understandable in public servants and ministers, that greater efficiency and accountability would be attained by incorporating the Service within the bureaucracy. This significant example is perhaps surprising in the supposed decade of privatisation but it is not unique. A decade before, the NSW government incorporated a number of special schools run by community organisations into the state school system, and sometime earlier (it is hard to pinpoint a date) a number of hospitals run by private organisations (religious orders, other voluntary organisations) which had been called public because they received a heavy government subsidy, came to be treated (or have their beds treated) as being under the direct control of the government. Clearly, even in the 1980s relations between governments and community or private not-for-profit organisations were not a one way street.

Let us then review the claim for privatisation of human services in Australia.

It is said that we have seen widespread privatisation of human services in Australia. By privatisation is meant the transferring of tasks previously performed by public servants to non-government, generally not-for-profit (or community) organisations. Other examples of privatisation include the sale of government owned property, a more extensive use of volunteers and the greater use of user charges to finance services.

But the cases which are cited as examples of privatisation, on closer inspection, provide at best only thin support for even the most attenuated definition of privatisation and important examples of the opposite tendency to privatisation are equally evident.

This leads a methodological point. If it is claimed that a major change in government policy has occurred it surely needs more than a few examples to demonstrate it. There should be data of a more systematic kind that can be reviewed for evidence of the trend. It happens that there is such data and it is to that that this paper now turns.

### What Can Public Finance Data Tell Us?

If we have seen significant moves towards privatisation in Australia's human services, it should show up in government finance data. The main manifestation of privatisation in the human services is said to be a shift of responsibility from government to the not-for-profit, or community sector. It must be remembered that non-for-profit or community organisations have long provided many human services (health, education, and welfare services) in Australia and have mostly received some government subsidies to do so. So a manifestation of privatisation would be characterised by a reduction in direct government expenditure and an increase in government grants to not-for-profit or community organisations.

The Australian Bureau of Statistics (ABS), in its compilation of government finance data, separately identifies government grants to non-profit institutions, further separating grants for current and capital purposes. These grants include grants by statutory authorities such as Lotteries Commissions as well as the much larger sums appropriated in governments budget processes. These grants and overall government expenditure are collated and reported by four digit Government Purpose Classification categories. If the privatisation thesis is correct, we should see not just an increase in these grants (in real terms), but an increase in grants as an overall proportion of government expenditure for that class or field of expenditure. That is, we should have evidence that a greater proportion of government expenditure in a particular field of expenditure is going in grants to non-profit organisations. If government grants are increasing, but overall government expenditure (including grants) is increasing at roughly similar rate (or a faster rate) then there has been no shift towards private service delivery.

The annually published government finance statistics (ABS, Cat Nos. 5502 and 5504) do not provide details on either government grants to non-profit organisations nor on government expenditure generally at a useful level of disaggregation. Detailed data, however, is available from the ABS and was obtained from 1968/69 until 1986/87 financial years. It would be useful to have more recent data but if the privatisation thesis is correct, a trend towards privatisation should have become evident by July 1987.

Before turning to the evidence, a little more needs to be said about the data (and some of its limitations). The four digit Government Purpose Classification (GPC) is significantly disaggregated but some of the classifications covering the human services field are still so broad as to pick up several distinct government programs. For example:

**0514 Nursing Homes**

Outlays on administration, inspection, support, operation, etc. of institutions mainly specialising in provision of nursing care for the aged and infirm, and nursing home benefits.

seems quite specific; but

**0622 Aged and Handicapped Welfare**

Outlays on administration, inspection, support etc. of welfare services for the elderly and for the handicapped, including services delivered through residential institutions mainly providing living quarters... includes outlays on residential institutions for elderly or physically or mentally handicapped persons in which little or not medical service is provided, such as aged persons homes, benevolent homes, and hostels for the handicapped. Also includes day centres ... training centres for the handicapped; sheltered employment workshops; senior citizens centres; home visiting and housekeeping services; and delivered meals services.

clearly covers a number of distinct programs or services. And like any classification system which seeks congruence with international standards (in this case the UN Classification of the Functions of Government [COFOG]), the classification is slow to adapt to Australian circumstances and considerable use is made of residual classes - e.g.

**0629 Welfare Services NEC**

Outlays on administration inspection, support, operations, etc. of welfare services that cannot be assigned to one of the preceding sub-groups of 062. Includes outlays on: residential institutions and counselling services that cannot be assigned to one of the preceding sub-groups of group 062; prisoners aid; care of refugees; pre-marital education; homeless persons assistance, etc. (Australian Bureau of Statistics, 1984)

Thus it is possible that a significant trend in one program may be masked by an opposite trend in another. This problem is accentuated when it is realised that there is an element of unreliability about the data included in the four figure or sub-group classification, particularly when reporting data on government grants to non-profit institutions. For example, a particular sub-group may record increasing transfers of dollars to non-profit institutions for several years, and then nothing. What has happened has been a decision to record expenditure in some other group. So the data is generally more reliable for longitudinal comparisons at a three digit or group level (e.g. 062 Welfare Services). This of course exacerbates the insensitivity of the data to masking effects, but it must be said that if privatisation in one program is countered by the opposite trend in another, then perhaps we do not have evidence of the clear trend towards privatisation that is often claimed.

There is another problem with ABS public finance data. It arises because the ABS follows an accounting convention which allocates expenditure to the level of government which consumes it (or passes it on in grants to non-government organisations). So grants made by the Commonwealth to non-profit organisations which are paid "to and through the states" (as with many Section 96 or tied grants) are counted as expenditure by the relevant state government. So it is not possible to isolate Commonwealth expenditure in the human services (except for a few sub-groups) or the expenditure of any particular state to see if evidence for privatisation can be discovered there. All one can do is examine expenditure by all levels of government (one could exclude local government, but it is so small that it has little bearing one way or the other). Despite the shortcomings in the data, and with one other proviso to be made below, if privatisation had been a significant movement in Australia over the past ten years, it should show in the movement of grants as a proportion of all government expenditure in the major human services fields (expenditure on income security can be clearly excluded from the data and is not considered in this paper).

The proviso is the possibility that a factor other than privatisation may affect the data in such a way as to produce an effect congruent with privatisation. That factor is demography. If, for example, in a particular class of expenditure, say aged and handicapped welfare, services that were provided directly by governments were provided to a particular class of people that grew only at the rate of the general population (say

people with physical disability), whilst services that had always been provided by community organisations with government subsidies were paid to a group that was growing much faster than the general population rate (say the frail aged), then providing funding for both services remained constant on a per capita basis but was adjusted on a user population base (a brave assumption these days), without any change in government policy, grants would still grow as a proportion of overall expenditure.

To turn to the data.

ABS's Government Finance Data File can be used for comparative purposes as far back as 1968/69. Before then data was collated in a different manner and cannot be compared with more recent data.

In the first instance, data on government grants to non-profit institutions in total government outlays was collated for every third year for major groups or groups or sub-groups that make up the bulk of human service provision. Thus data was collected for:

- . Welfare services (group 062)
- . Health (major group 05)
- . Primary and secondary education (group 041)
- . Housing and community development (group 071)
- . Labour and employment affairs (includes employment and training)  
(sub-group 1130)
- . Recreation and culture (major group 08)

Data is presented in tabular form for government grants and for total outlays. These are presented in nominal values and at constant 1984/85 prices. Rates of real increases in grants and outlays are also provided along with the ratio of grants to outlays for each year for which data was collected. This is the key ratio for testing the privatisation thesis.

For this reason, this ratio is presented graphically for each field as well. In addition because health covers such a diverse field, the ratios for two sub-sets of data on government grants and total government outlays are also provided. These sub-sets are: nursing homes (GPC 0514) and non-

institutional health (GPC 052-059). This latter excludes all hospital and other institutional based assistance which is the main object of health expenditure and where, except for nursing homes, there is very little government assistance for what the ABS defines as non-profit institutions.

THE PRIVATISATION OF HUMAN SERVICES IN AUSTRALIA

TABLES

TABLE 1: SUPPORT FOR NON PROFIT ORGANISATIONS - BY ALL GOVERNMENTS  
WELFARE SERVICES (GPC 062)

|  | 68/69 | 71/72 | 74/75 | 77/78 | 80/81  | 83/84  | 86/87  |
|--|-------|-------|-------|-------|--------|--------|--------|
| Grants (\$millions)                            | 8.8   | 17.4  | 59.0  | 111.0 | 208.0  | 319.0  | 633.0  |
| Grants in constant 1984/85 dollars (\$1m)      | 46.0  | 72.0  | 153.0 | 205.0 | 293.0  | 338.0  | 559.0  |
| Real increasing grants over each triennium (%) |       | 57.0  | 113.0 | 34.0  | 43.0   | 15.0   | 65.0   |
| Total government spending in field (\$1m)      | 73.7  | 111.0 | 307.0 | 494.0 | 814.0  | 1541.0 | 2541.0 |
| Government spending in constant 1984/85 (\$m)  | 386.0 | 458.0 | 796.0 | 914.0 | 1145.0 | 1630.0 | 2245.0 |
| Real increase over each triennium (%)          |       | 19.0  | 74.0  | 15.0  | 25.0   | 42.0   | 38.0   |
| Grants as a % total cost spending in field     | 11.9  | 15.6  | 19.2  | 22.4  | 25.6   | 20.7   | 24.9   |

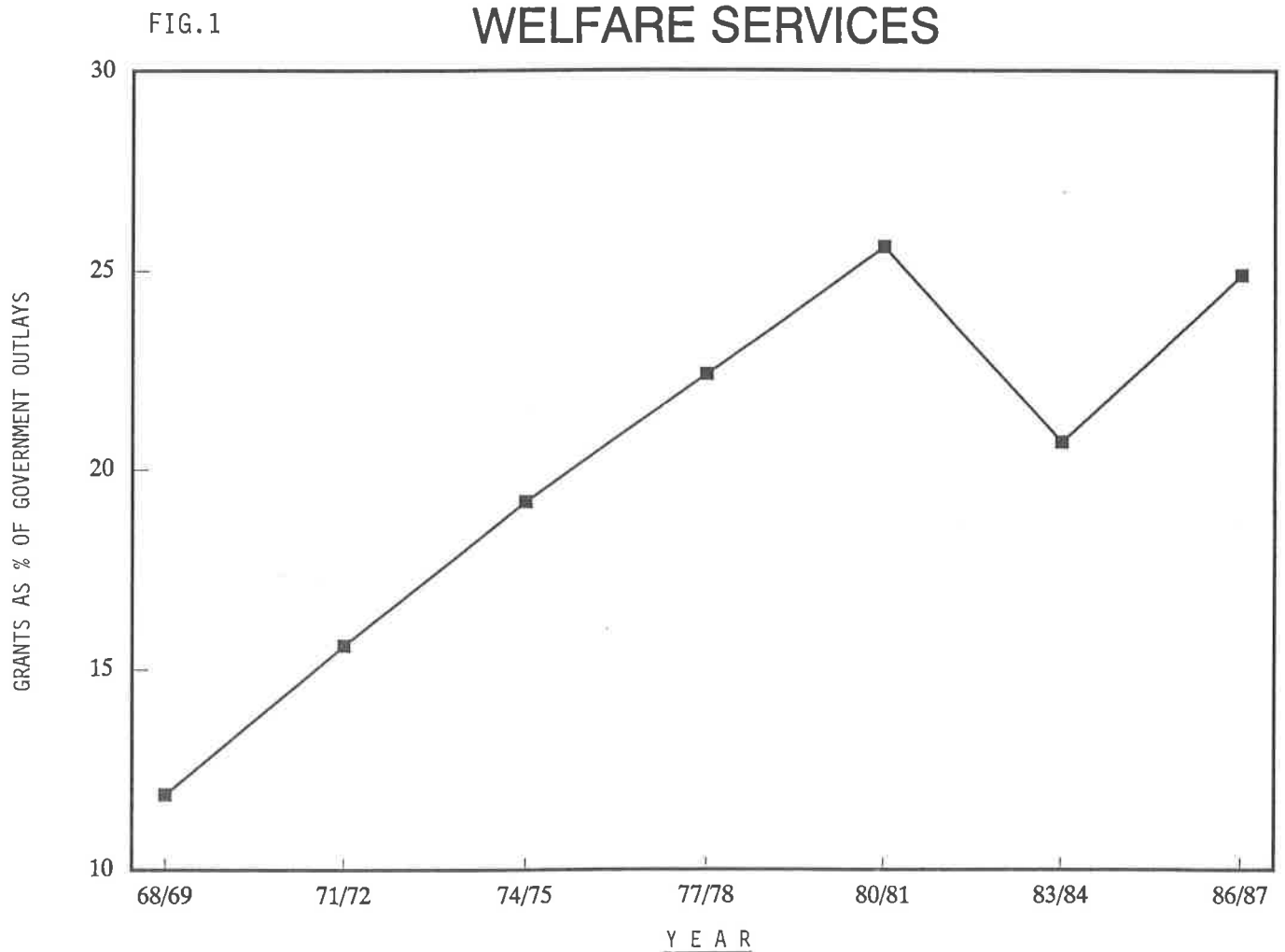


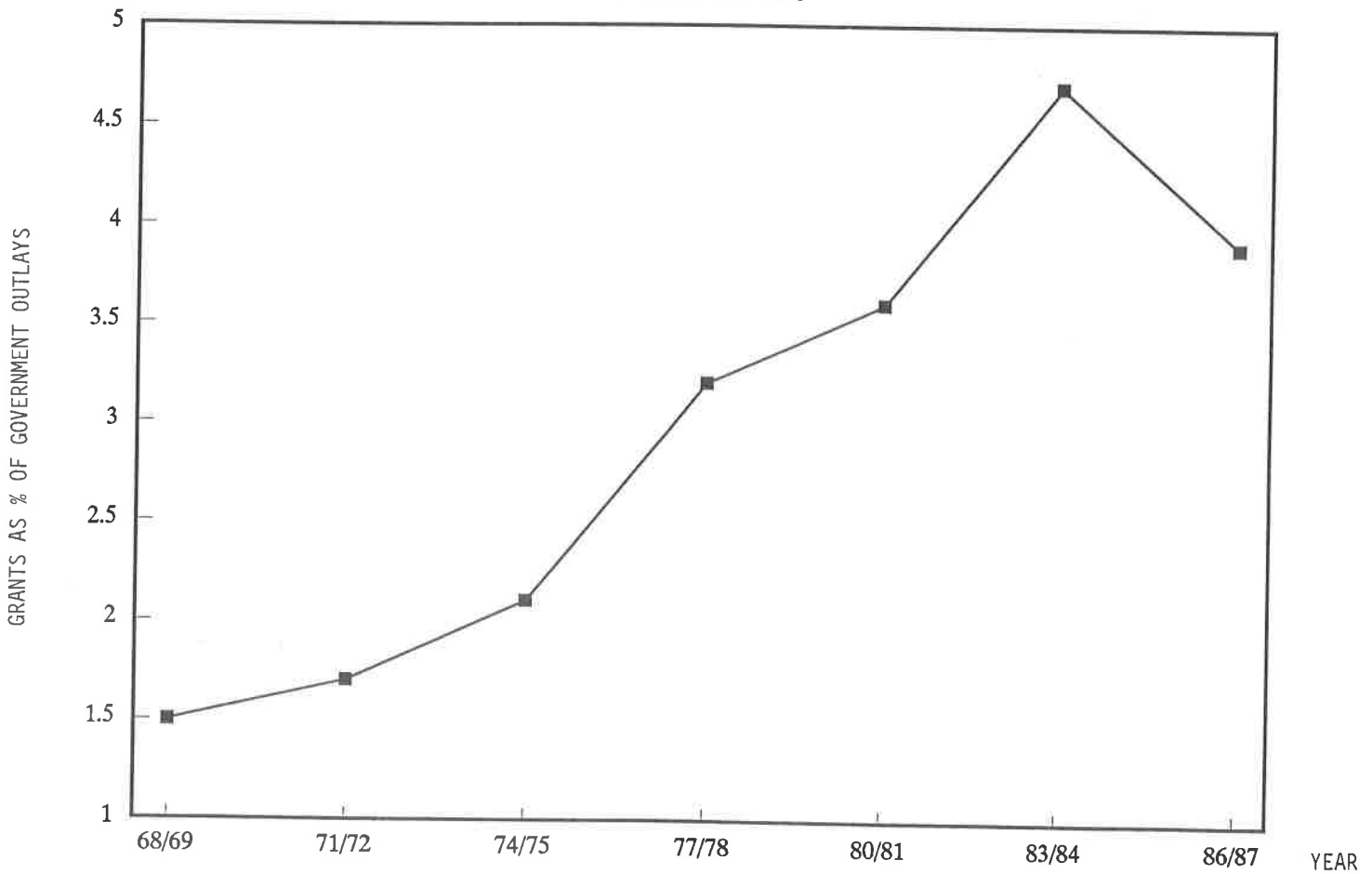


TABLE 2: SUPPORT FOR NON PROFIT ORGANISATIONS - BY ALL GOVERNMENTS  
HEALTH (GPC 05)

|  | 68/69  | 71/72  | 74/75  | 77/78  | 80/81  | 83/84  | 86/87   |
|--|--------|--------|--------|--------|--------|--------|---------|
| Grants (\$millions)                            | 11.8   | 19.4   | 57.0   | 142.0  | 219.0  | 429.0  | 555.0   |
| Grants in constant 1984/85 dollars (\$1m)      | 61.9   | 79.8   | 148.0  | 263.0  | 308.0  | 454.0  | 490.0   |
| Real increasing grants over each triennium (%) |        | 30.0   | 86.0   | 78.0   | 17.0   | 47.0   | 8.0     |
| Total government spending in field (\$1m)      | 784.0  | 1162.0 | 2640.0 | 4420.0 | 6085.0 | 9198.0 | 14093.0 |
| Government spending in constant 1984/85 (\$m)  | 4103.0 | 4781.0 | 6856.0 | 8185.0 | 8558.0 | 9733.0 | 12449.0 |
| Real increase over each triennium (%)          |        | 17.0   | 43.0   | 19.0   | 4.6    | 14.0   | 28.0    |
| Grants as a % total cost spending in field     | 1.5    | 1.7    | 2.1    | 3.2    | 3.6    | 4.7    | 3.9     |

FIG.2

## HEALTH



THE PRIVATISATION OF HUMAN SERVICES IN AUSTRALIA

TABLES

TABLE 2A: SUPPORT FOR NON PROFIT ORGANISATIONS - BY ALL GOVERNMENTS  
NURSING HOMES (GPC 0514)

|  | 68/69 | 71/72 | 74/75 | 77/78 | 80/81 | 83/84 | 86/87  |
|--|-------|-------|-------|-------|-------|-------|--------|
| Grants (\$millions)                            | 0.4   | 0.8   | 1.1   | 70.5  | 106.0 | 250.0 | 348.0  |
| Grants in constant 1984/85 dollars (\$1m)      | 2.2   | 3.2   | 28.3  | 131.0 | 149.0 | 264.0 | 308.0  |
| Real increasing grants over each triennium (%) |       | 46.0  | 784.0 | 363.0 | 14.0  | 77.0  | 17.0   |
| Total government spending in field (\$1m)      | 39.9  | 82.3  | 179.0 | 276.0 | 403.0 | 915.0 | 1221.0 |
| Government spending in constant 1984/85 (\$m)  | 209.0 | 339.0 | 464.0 | 511.0 | 566.0 | 968.0 | 1079.0 |
| Real increase over each triennium (%)          |       | 62.0  | 37.0  | 10.0  | 11.0  | 71.0  | 115.0  |
| Grants as a % total cost spending in field     | 1.0   | 0.9   | 6.1   | 25.5  | 26.3  | 27.3  | 28.5   |

NURSING HOMES

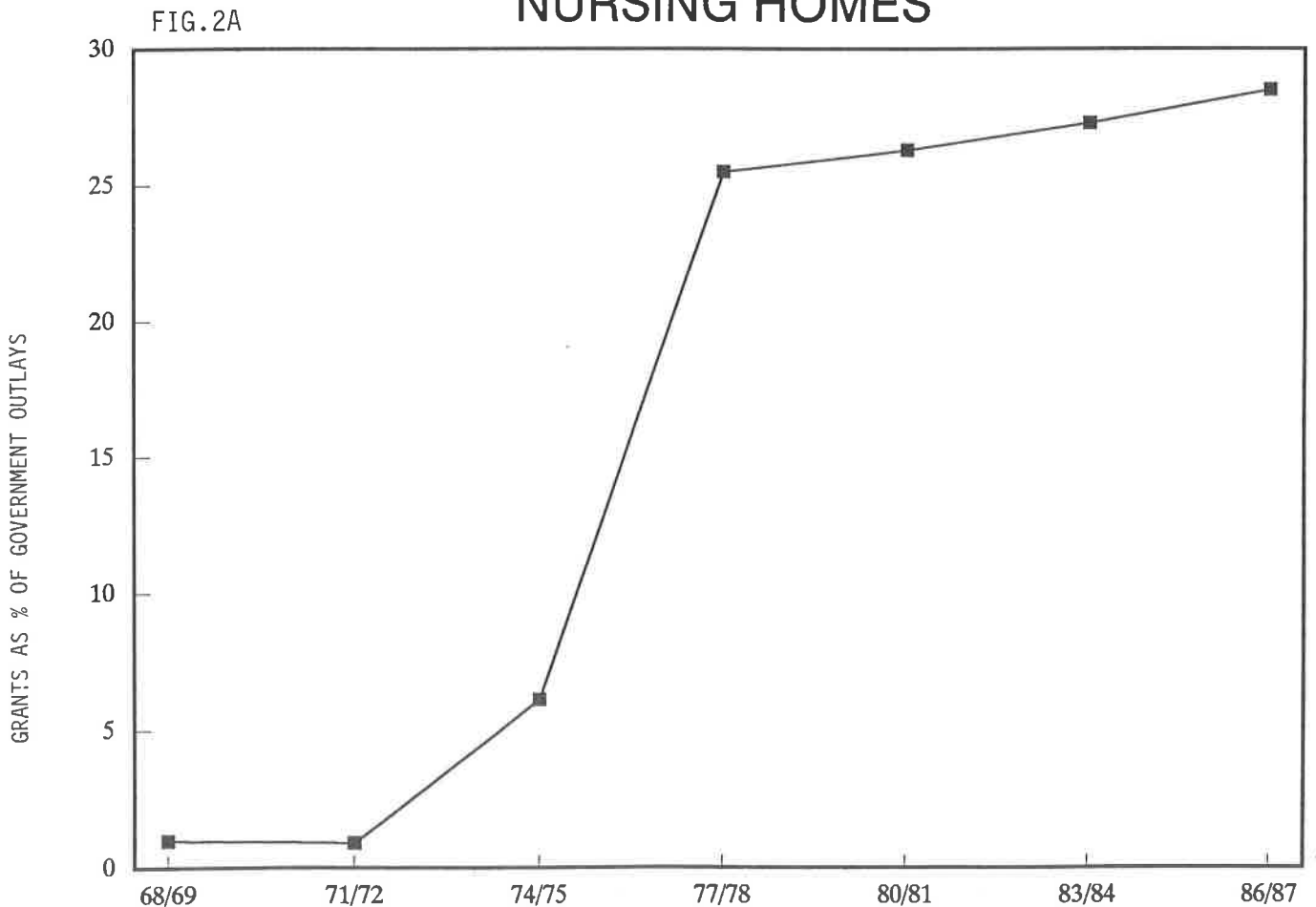
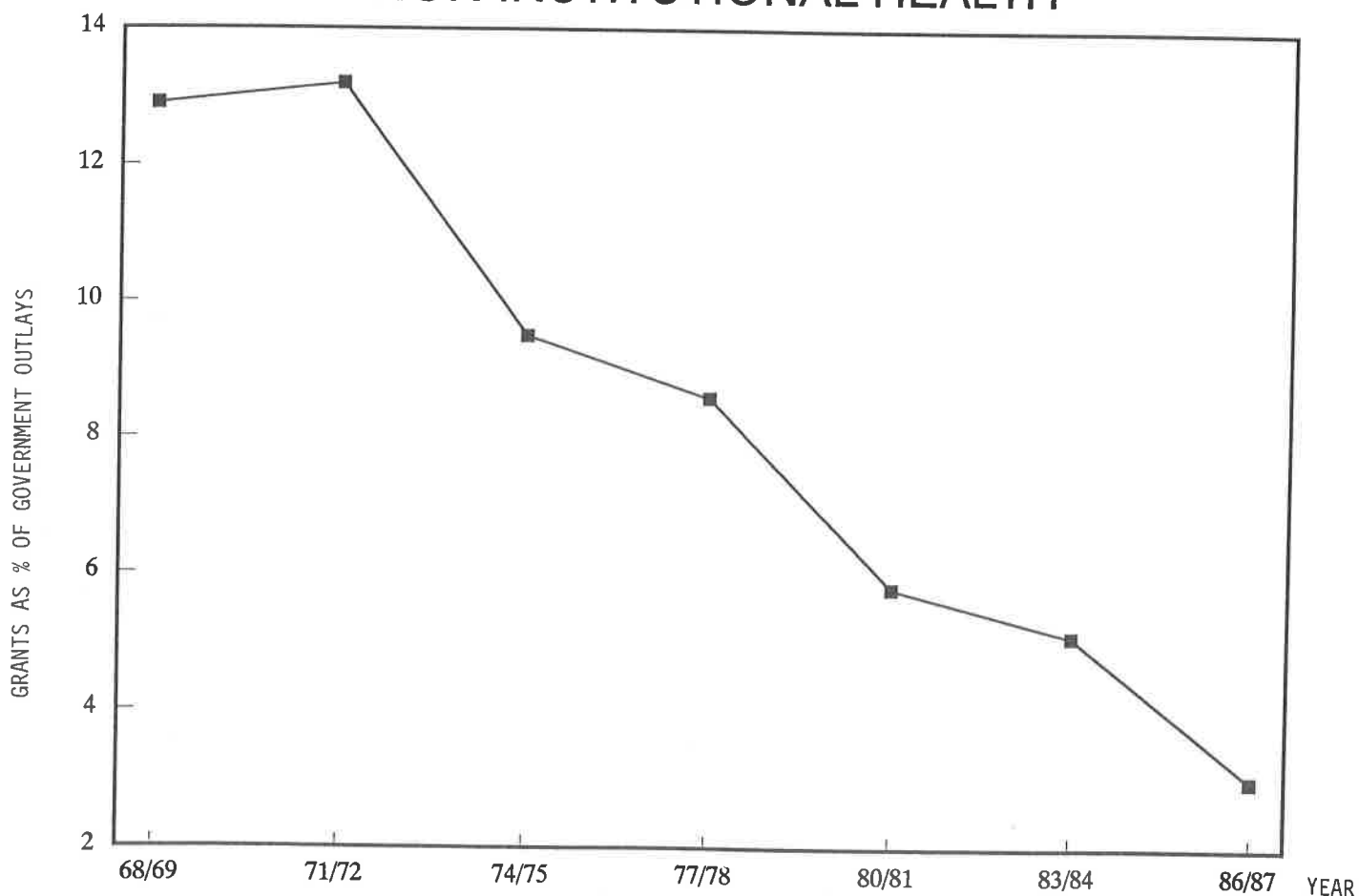


TABLE 2B: SUPPORT FOR NON PROFIT ORGANISATIONS - BY ALL GOVERNMENTS  
NON INSTITUTIONAL HEALTH (GPC 052-059)

|  | 68/69  | 71/72  | 74/75  | 77/78  | 80/81  | 83/84  | 86/87  |
|--|--------|--------|--------|--------|--------|--------|--------|
| Grants (\$millions)                            | 7.1    | 10.8   | 31.2   | 55.7   | 99.9   | 154.0  | 182.0  |
| Grants in constant 1984/85 dollars (\$1m)      | 36.9   | 45.0   | 81.0   | 103.0  | 141.0  | 163.0  | 161.0  |
| Real increasing grants over each triennium (%) |        | 22.0   | 80.0   | 27.0   | 37.0   | 16.0   | -1.2   |
| Total government spending in field (\$1m)      | 286.0  | 342.0  | 854.0  | 1203.0 | 1731.0 | 3172.0 | 5319.0 |
| Government spending in constant 1984/85 (\$m)  | 1498.0 | 1406.0 | 2219.0 | 2229.0 | 2435.0 | 3357.0 | 4699.0 |
| Real increase over each triennium (%)          |        | -6.1   | 37.0   | 0.5    | 9.3    | 38.0   | 40.0   |
| Grants as a % total cost spending in field     | 12.9   | 13.2   | 9.5    | 8.6    | 5.8    | 5.1    | 3.0    |

FIG.2B

## NON INSTITUTIONAL HEALTH



THE PRIVATISATION OF HUMAN SERVICES IN AUSTRALIA

TABLES

TABLE 3: SUPPORT FOR NON PROFIT ORGANISATIONS - BY ALL GOVERNMENTS  
- PRIMARY AND SECONDARY EDUCATION (GPC 041)

|  | 68/69  | 71/72  | 74/75  | 77/78  | 80/81  | 83/84  | 86/87  |
|--|--------|--------|--------|--------|--------|--------|--------|
| Grants (\$millions)                            | 8.9    | 51.5   | 175.0  | 351.0  | 565.0  | 979.0  | 1313.0 |
| Grants in constant 1984/85 dollars (\$1m)      | 47.0   | 212.0  | 453.0  | 650.0  | 794.0  | 1036.0 | 1160.0 |
| Real increasing grants over each triennium (%) |        | 351.0  | 114.0  | 44.0   | 22.0   | 31.0   | 12.0   |
| Total government spending in field (\$1m)      | 619.0  | 1009.0 | 2173.0 | 3490.0 | 4659.0 | 6551.0 | 8228.0 |
| Government spending in constant 1984/85 (\$m)  | 3239.0 | 4152.0 | 5644.0 | 6463.0 | 6553.0 | 6932.0 | 7268.0 |
| Real increase over each triennium (%)          | 28.0   | 36.0   | 36.0   | 15.0   | 1.4    | 5.8    | 4.9    |
| Grants as a % total cost spending in field     | 1.4    | 5.1    | 8.0    | 10.0   | 12.0   | 14.9   | 16.0   |

FIG. 3 PRIMARY AND SECONDARY EDUCATION

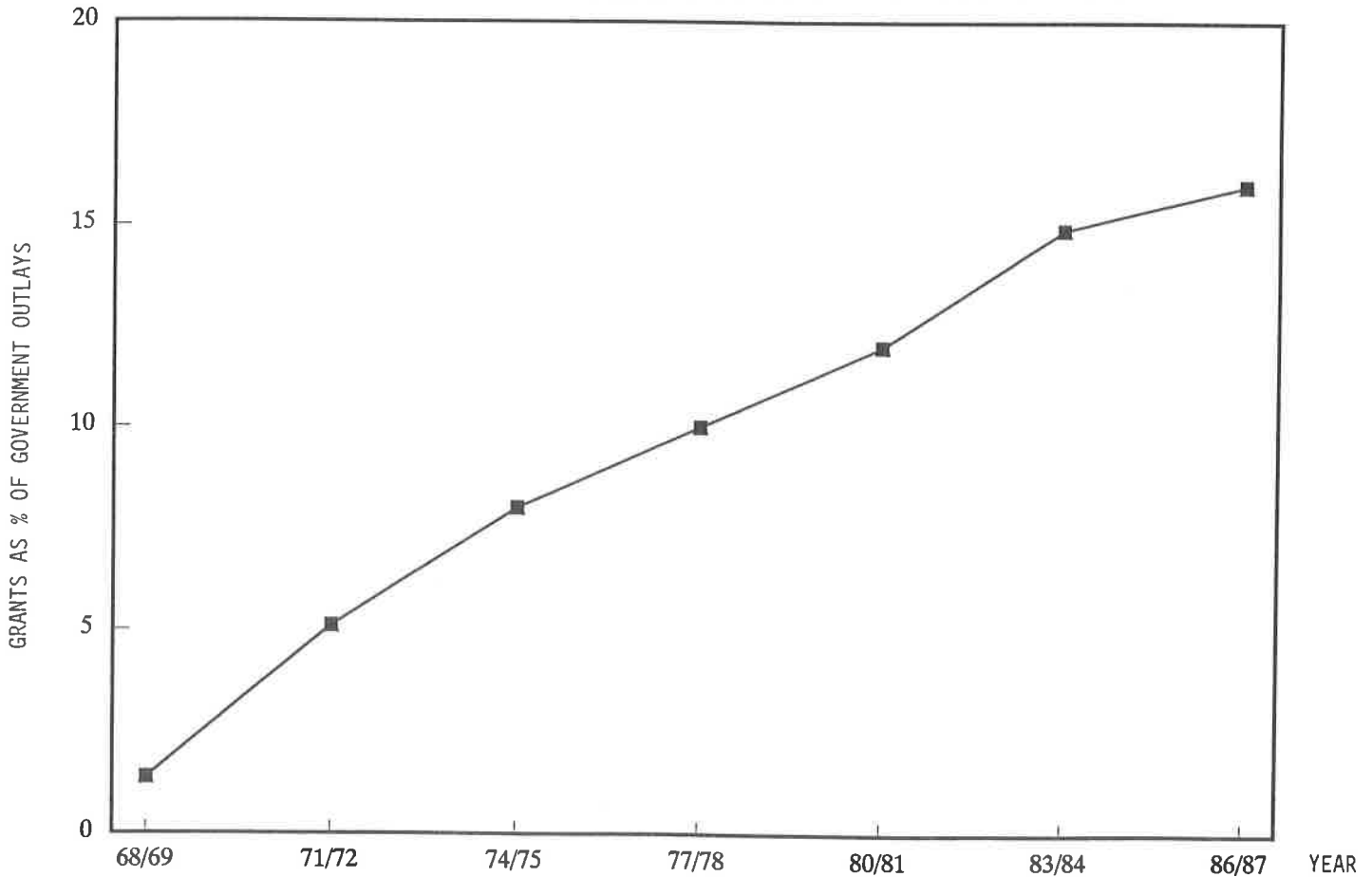


TABLE 4: SUPPORT FOR NON PROFIT ORGANISATIONS - BY ALL GOVERNMENTS  
HOUSING AND COMMUNITY DEVELOPMENT (GPC 071 and 072)

|  | 68/69  | 71/72  | 74/75  | 77/78  | 80/81 | 83/84  | 86/87  |
|--|--------|--------|--------|--------|-------|--------|--------|
| Grants (\$millions)                            | 0.06   | 0.08   | 8.3    | 18.7   | 13.0  | 14.1   | 37.4   |
| Grants in constant 1984/85 dollars (\$1m)      | 0.3    | 0.3    | 21.6   | 34.7   | 18.2  | 15.0   | 33.0   |
| Real increasing grants over each triennium (%) |        |        | 7100.0 | 61.0   | -48.0 | -18.0  | 1.2    |
| Total government spending in field (\$1m)      | 207.0  | 283.0  | 1055.0 | 906.0  | 684.0 | 1511.0 | 2151.0 |
| Government spending in constant 1984/85 (\$m)  | 1082.0 | 1166.0 | 2739.0 | 1677.0 | 975.0 | 1599.0 | 1901.0 |
| Real increase over each triennium (%)          |        | 7.8    | 235.0  | -38.0  | -42.0 | 64.0   | 19.0   |
| Grants as a % total cost spending in field     | 0.03   | 0.1    | 0.8    | 2.1    | 1.9   | 0.9    | 1.7    |

FIG.4  
2.5

## HOUSING AND COMMUNITY DEVELOPMENT

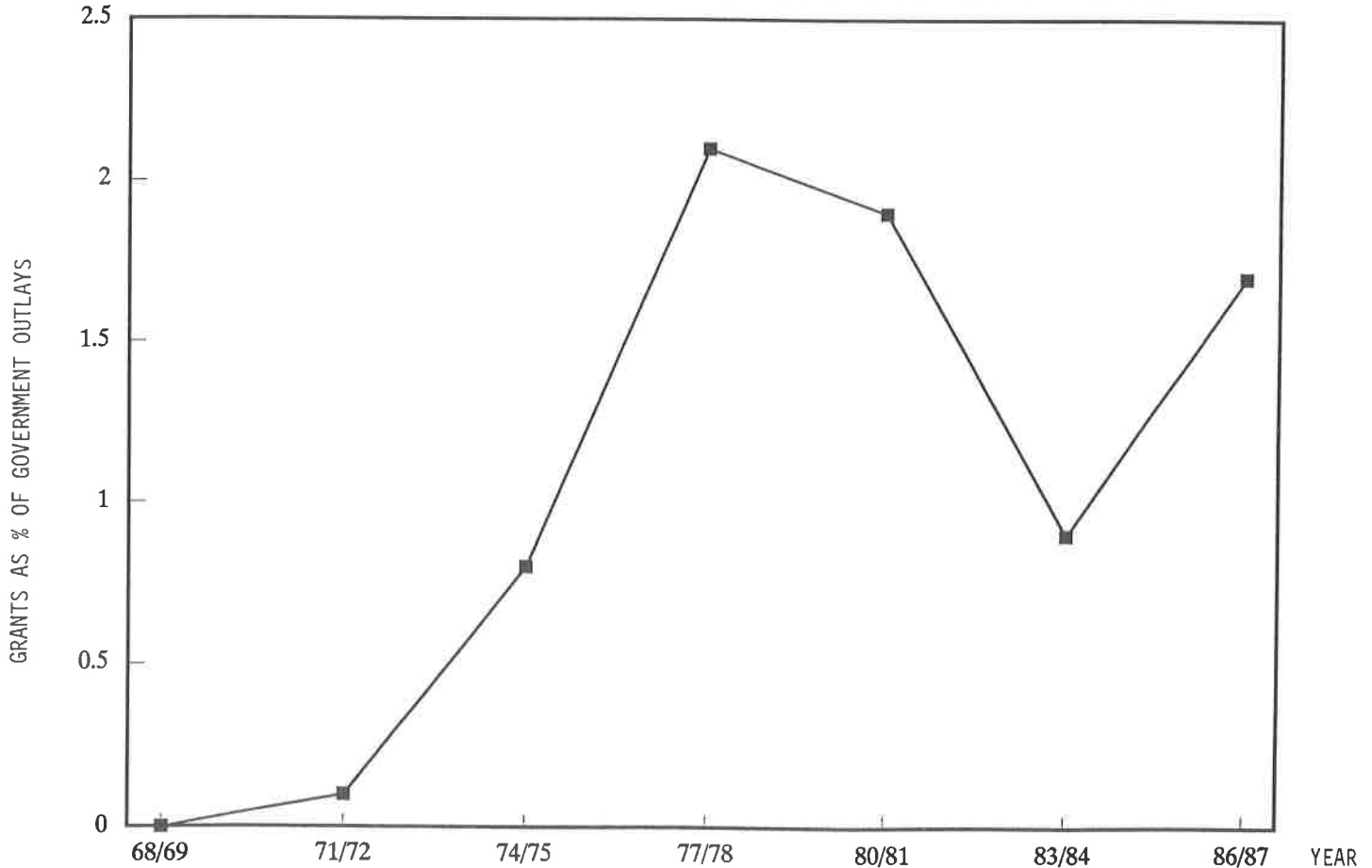


TABLE 5: SUPPORT FOR NON PROFIT ORGANISATIONS - BY ALL GOVERNMENTS  
- LABOUR AND EMPLOYMENT AFFAIRS (GPC 1330)

|  | 68/69 | 71/72 | 74/75 | 77/78  | 80/81 | 83/84  | 86/87  |
|--|-------|-------|-------|--------|-------|--------|--------|
| Grants (\$millions)                            | 0.01  | 0.03  | 0.15  | 5.45   | 15.8  | 158.8  | 168.9  |
| Grants in constant 1984/85 dollars (\$1m)      | 0.068 | 0.11  | 0.39  | 10.1   | 22.2  | 168.0  | 149.2  |
| Real increasing grants over each triennium (%) |       | 63.0  | 253.0 | 2474.0 | 120.0 | 657.0  | -11.0  |
| Total government spending in field (\$1m)      | 32.3  | 58.0  | 150.0 | 272.0  | 395.0 | 980.0  | 1195.0 |
| Government spending in constant 1984/85 (\$m)  | 169.1 | 239.0 | 388.0 | 505.0  | 555.0 | 1037.0 | 1056.0 |
| Real increase over each triennium (%)          |       | 41.3  | 62.05 | 30.1   | 9.9   | 86.8   | 1.8    |
| Grants as a % total cost spending in field     | 0.004 | 0.05  | 0.1   | 2.0    | 4.0   | 16.2   | 14.1   |

FIG.5 LABOUR AND EMPLOYMENT AFFAIRS

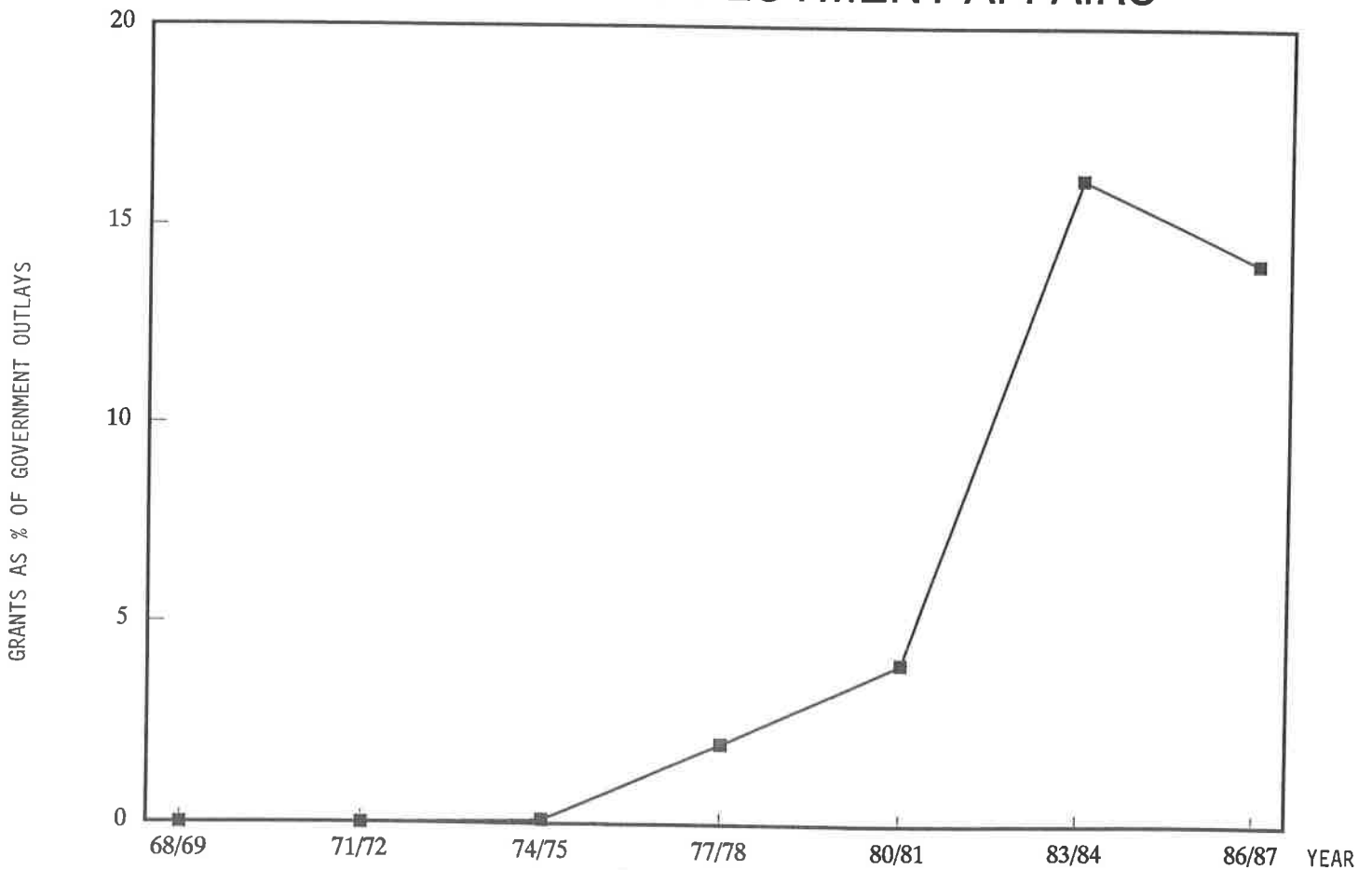
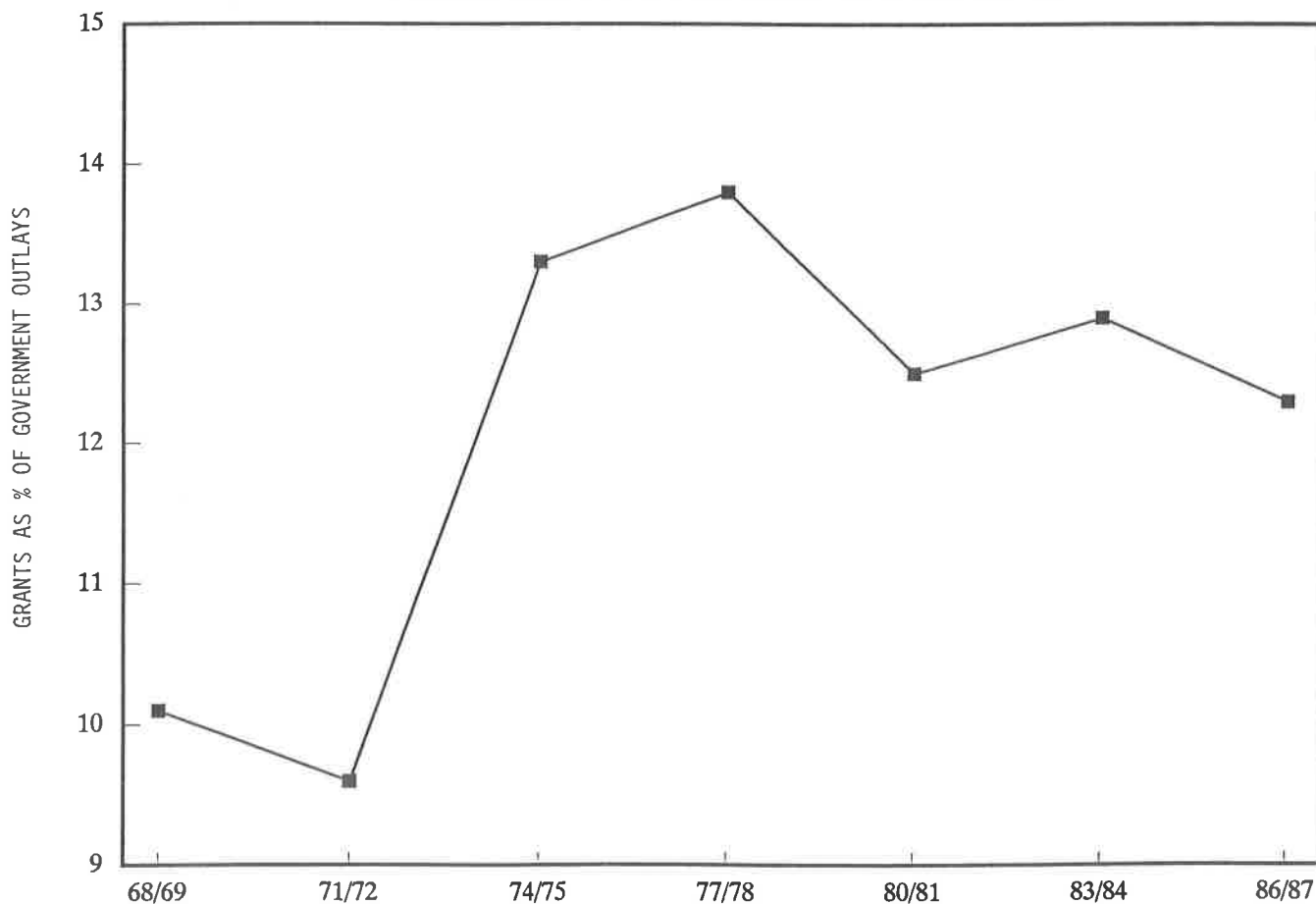


TABLE 6: SUPPORT FOR NON PROFIT ORGANISATIONS - BY ALL GOVERNMENTS  
- RECREATION AND CULTURE (GPC 08)

|  | 68/69 | 71/72 | 74/75  | 77/78  | 80/81  | 83/84  | 86/87  |
|--|-------|-------|--------|--------|--------|--------|--------|
| Grants (\$millions)                            | 14.0  | 22.0  | 58.0   | 116.0  | 158.0  | 247.0  | 391.0  |
| Grants in constant 1984/85 dollars (\$1m)      | 74.0  | 92.0  | 150.0  | 215.0  | 223.0  | 261.0  | 345.0  |
| Real increasing grants over each triennium (%) |       | 24.0  | 63.0   | 43.0   | 3.7    | 17.0   | 32.0   |
| Total government spending in field (\$1m)      | 140.0 | 232.0 | 435.0  | 843.0  | 1272.0 | 1918.0 | 3166.0 |
| Government spending in constant 1984/85 (\$m)  | 732.0 | 956.0 | 1131.0 | 1560.0 | 1786.0 | 2029.0 | 2797.0 |
| Real increase over each triennium (%)          |       | 31.0  | 18.0   | 38.0   | 15.0   | 14.0   | 38.0   |
| Grants as a % total cost spending in field     | 10.1  | 9.6   | 13.3   | 13.8   | 12.5   | 12.9   | 12.3   |

FIG.6

## RECREATION AND CULTURE



Overall, the results do not support the privatisation thesis, at least not as generally stated.

During the eighteen years 1968/69-1986/87, government grants to non-profit organisations increased in real terms during the 1970s, but in two fields (housing and community development) and labour and employment affairs, they did not continue to increase during the 1980s.

The pattern is similar when we look at the ratio of government grants to total government outlays. The graphs show that only in primary and secondary education, did government grants to non-profit institutions grow as a proportion of government expenditure during all of the 1970s and 1980s. In welfare services, grants grew as a proportion of outlays in the 1970s but declined between about 1980/81 and about 1983/84. They then began to increase but were not as high in 1986/87 as they were in 1980/81. In health, government grants, as a proportion of government outlays declined from around 1983/84. When that data is partly disaggregated, it will be seen that grants to non-profit nursing homes took off in about 1973/74 as the Commonwealth government adopted a policy of encouraging non-profit organisations to open nursing homes, but has increased at only a steady rate since about 1977/78. By contrast, government support for non-profit organisations in providing non-institutional health services has declined as a proportion of total government expenditure. Government grants to non-profit organisations as a proportion of outlays on housing and community development declined after about 1977/78 though it picked up a little in the last triennium for which data is available. In labour and employment affairs, there was almost no government assistance for non-profit organisations until the mid-1970s. It then increased significantly until about 1983/84 when it declined. In the field of recreation and culture (which only some would count as human services), government assistance as a proportion of outlays remained constant from the mid-1970s onwards.

### Conclusion

If the ABS data provide any support at all for the privatisation thesis in human services, it is for privatisation occurring in the 1970s and ceasing



as a major consequence of government policy during the 1980s. But that is not the timing that is usually assumed.

What seems to have happened is that government expenditure on human services generally grew rapidly in the 1970s and government support for non-profit organisations also grew even more strongly. Because of the strong growth in social expenditure, the fact that an increasing proportion of it was going to non-profit organisations was not noticed. Or rather, it was, but generally it was welcomed by workers in and around human services. It was a decade characterised by a great deal of support for community endeavours, for community development, for community initiatives and so on (Lyons, 1985). But the growth in government support for non-profit or community organisations was not seen as privatisation because government services were clearly growing as well.

But why has it been assumed that human services have seen significant pressure from privatisation during the 1980s? The examples used do not readily support that view, nor does government expenditure data.

The reason may be that those of us who are academics, or influenced by academics, tend to take our ideas and our interpretations of the world from overseas. There were plenty of claims and some evidence in articles and books written about Thatcher's Britain and Reagan's America that privatisation was the distinctive mark of the 1980s. In addition we have seen long debates about the privatisation of government business enterprises within Australia, convulsing the Australian Labor Party and the Labor governments which have been in office nationally and in most states for most of the 1980s. So it was easy enough to conclude that privatisation was occurring in Australia and then, uncritically to search for and find examples that apparently supported that proposition.

Yet, as some scholars such as Francis Castles have reminded us in the area of income security policy, Australia has pursued a different path to the rest of the world (Castles, 1986). We need to pay equally close attention to the pattern of human services provision in Australia; attention which is alert to the possibility that what has developed in Australia is not a pale shadow of overseas, but something which, for good or bad, is uniquely Australian.

REFERENCES

- Australian Bureau of Statistics (1984), Classifications Manual for Government Finance Statistics Australia, Canberra. Australian Bureau of Statistics, Cat No. 1217.0
- ACOSS (1989), Privatisation and the Human Services. ACOSS Paper No.26. Sydney, Australian Council of Social Service.
- Baldock, Cora Vellekoop (1990), Volunteers & Welfare. Sydney, Allen & Unwin.
- Brenton, Maria (1985), The Voluntary Sector in British Social Services. London, Longman.
- Evatt Research Centre (1989), State of Siege. Renewal or Privatisation for Australia's State Public Services. Sydney, Pluto Press.
- Gilbert, Alan (1983), Capitalism and the Welfare State. Dilemmas of Social Benevolence. New Haven, Yale U.P.
- Graycar, Adam and Jamrozik, Adam (1989), How Australians Live. Social Policy in Theory and Practice. Melbourne, Macmillan.
- Heald, David (1984), "Privatisation: Analysing its Appeal and Limitations", Fiscal Studies, 5(1), pp.36-46.
- Le Grand, Julian (1983), "Is Privatisation Always Such A Bad Things?" New Society, 64, pp.197-199.
- Lyons, Mark (1985), "The Politics of Community Programmes". Paper presented to Australasian Social Policy and Administration Conference, Melbourne.
- NCOSS (1989), "Privatisation in the Community Services Industry". unpublished Monograph. New South Wales Council of Social Service, Sydney.
- Roughley, Anne (1991), Guest Editorial, Newsletter. The Implications of Privatisation for Social work Practice. Vol.1, Sydney, NSW Branch, Australian Association of Social Workers, pp.7-8.