

1

The politics of market encroachment: Policymaker rationales and voter responses

Gabrielle Meagher and Shaun Wilson

In recent decades, market ideas and practices have increasingly encroached on activities previously organised by different logics, primarily the bureaucratic logic of the public sector and the associational logics of churches and non-government organisations. One highly visible trend has been privatisation of public assets. Universally accessed public utilities in telecommunications, energy and water have been sold off, along with publicly owned financial institutions and transport carriers. Less visible, but no less important, has been the marketisation of publicly funded social services. The growing use of contracts, competition, and quasi-vouchers to allocate funds and service users to the organisations that provide services are examples of this development. Another has been the disproportionate growth of the share of for-profit providers in Australia's mixed economy of social services.

In Australian social policy, market practices and organisations have played an increasingly significant role in shaping the delivery of services, but in ways that ordinary voters may not identify as connected to 'privatisation', understood as asset sales. Asset sales have also taken place in social services (for example, publicly owned residential care fa-

Meagher G. & Wilson S. 2015, 'The politics of market encroachment: policy maker rationales and voter responses', in *Markets, rights and power in Australian social policy*, eds G. Meagher & S. Goodwin, Sydney University Press, Sydney.

cilities have been sold to private organisations), but other marketing instruments have been more common. For example, child and family welfare services, such as foster care placement, have been contracted out to private providers in several states. User fees have increased households' contributions to the cost of many social services. And, across child care, school education, health care and superannuation, public policies have promoted the growth of private provision.

Marketisation has changed the texture of social services, pushing service users into new roles and relationships with the state (see, for example, Carney and Proctor & Aitchison, this volume). These changes raise important questions about the trajectory of the social service system. This chapter first describes the process of marketisation in Australian policy then explores how the public has responded. It begins with an account of the pressures that led governments of divergent political persuasions to introduce marketing policies and then offers an overview of asset sales and service marketisation in Australia during the last 25 years. Finally it explores how the Australian public has responded not only to visible marketisation via asset sales but also to the less visible processes that are reorganising social services. Do voters recognise the trend to private provision and what do they think about it? Do voters endorse privately run services of all kinds? Are there pressures emerging within this model of service provision? Answering these questions helps identify the future tension points within a more privatised system of social services.

Pressures on the state for privatisation and marketisation

A dynamic view of market encroachment, addressing the *why* as well as the *what*, must engage with the politics of this process: why policymakers decide to sell assets, contract out and offer quasi-vouchers, and how they rationalise these decisions on one hand, and how the public has responded on the other. Table 1.1 sets out some of the internal and external pressures that encourage greater privatisation of assets, and increasingly, marketisation of social services.

In the 1980s, policymakers in both centre-right and centre-left governments around the world began to look to the market for solutions when the institutions of state management of the private economy

1 The politics of market encroachment

Table 1.1: Pressures on the state for privatisation and marketisation

	Internal pressures (politics and bureaucracy)	External pressures (business, consumers, voters, media)
Asset sales	<ul style="list-style-type: none"> • Pragmatic need to finance budget deficits • Overlapping political and business networks that favour, gain from privatisation • Response to ‘overburdened’ state – bureaucratic and political interest in shifting blame for utility and service failures • Strong ideological and administrative framework in the benefits of <i>systemic</i> market provision among bureaucratic and political elites (‘new public management’ [NPM], for instance) 	<ul style="list-style-type: none"> • Corporate interest in asset acquisition • Financial markets seeking assets and pressuring for market reforms • Media-publicised consumer and business dissatisfaction with inefficient state-owned utilities • Class interest in de-unionisation and reducing the size of the public sector
Service marketisation	<ul style="list-style-type: none"> • Resource constraints that favour cheaper, contracted services • Overlapping political and business networks that favour and gain from marketisation • Bureaucratic and political interest in shifting responsibility for (failures in) social provision • NPM framework that favours ‘steering’ not ‘rowing’ (cost control, competition) and individualised modes of provision 	<ul style="list-style-type: none"> • Public pressure to finance (expensive) social services • Increasing business interest in the social service ‘market’ • Media-publicised consumer dissatisfaction with publicly provided social services

and the public sector came under pressure from slow growth, inflation and rising unemployment. The privatisation response was prompted by a number of influences. Some pressure for privatisation was fairly pragmatic: with no great attachment to ownership, privatisation emerged as

an administrative option to raise resources to fund budget deficits and to resolve management problems of large state utilities (see Feigenbaum & Henig 1994, p. 187).

But the privatisation agenda had deeper political significance. Governments and market actors often have overlapping ideological and financial interests in increasing the scope of the market at the expense of the public sector. McAllister and Studlar argue that privatisation was driven by elites seeking either greater commercial access to public assets and services or, more ideologically, greater popular participation in a new 'property-owning democracy' (1989, p. 158). The authors make clear that, despite the rhetoric of participatory capitalism, 'privatisation is a policy which did not emerge because of popular demands among voters; rather, privatisation was a product of elites' (1989, p. 174).

Exceeding mere advocacy for privatisation on the basis of apparently 'neutral' economics, business organisations, thinktanks, political parties, and government leaders in many countries launched political programs for public asset sales that would 'realign institutions and decision-making processes so as to privilege the goals of some groups over the competing aspirations of other groups' (Feigenbaum & Henig 1994, p. 191). Feigenbaum and Henig (1994) develop a typology of the political underpinnings of privatisation that helps us understand why and how governments use it. They argue that *pragmatic* privatisations are typically understood by those undertaking them as a technical solution to an immediate problem. Tactical privatisation is directed at achieving party political goals in the short term, including attracting allies and rewarding supporters. *Systematic* privatisation, as the name suggests, seeks to transform economic and political institutions and interests more comprehensively. Describing systematic privatisation, Feigenbaum and Henig state that 'the withdrawal of the state results in a substantial and not readily reversible decrease in the power of working classes relative to that of organized elites' and may also involve a 'values' shift that promotes 'a shrinking of the sphere of activities considered to be legitimate areas for public scrutiny and intervention' (1994, p. 200). Furthermore, systemic privatisation may entail 'nontransient restructuring of the institutional arrangements of the society ... so that the array of incentives presented to individuals and groups encourages a greater reliance on private and market-oriented solutions' (1994, p. 201). No doubt, these institutional and value shifts both promoted and

1 The politics of market encroachment

were reinforced further by the internal reorganisation of the public sector. The adoption of ‘new public management’ thinking by public sector managers committed to private sector managerial styles and ‘public service provision by private organizations’ (Hood 2002, p. 12,554) helped normalise privatising strategies.

The most dramatic examples of systemic privatisation followed the collapse of command economies in the Soviet-dominated world in the late 1980s, which precipitated and normalised subsequent mass privatisation in that region. This huge experiment in rapid transfer of public assets to the private sector had disastrous consequences, from the entrenchment of the financial and political power of oligarchs to the mortality crisis¹ caused by the mass job loss that characterised transition across the former Soviet bloc (Stuckler, King & McKee 2009). The collapse of the Soviet model also further undermined the ‘mixed economy’ models in Western Europe and the English-speaking democracies. In these countries, public ownership of several industries had long been accepted on the grounds of natural monopoly or public interest. However, this state of affairs came under strong political attack, particularly during Conservative Prime Minister Thatcher’s rule in the United Kingdom during the 1980s.

Privatisation programs under the British Conservatives, Australian Labor and the French Socialists, for example, have all involved overlapping pragmatic, tactical and systematic objectives. Feigenbaum and Henig’s (1994) analysis focuses on objectives defined *internally* within governments, which attract interest from bureaucrats, budget-minded politicians and reformers. More recently, research has emphasised the role of *external* pressures and interests in sustaining and deepening the privatisation agenda. Financialisation has increased the power of market actors who have an interest in asset sales and service marketisation. The rapid accumulation and internationalisation of private financial assets in recent decades has created a massive pool of private funds seeking investment opportunities, while pressures on public finances – partly created by tax cuts on high-income earners and corporations –

1 In an article in *The Lancet*, Stuckler and colleagues find that ‘Mass privatisation programmes were associated with an increase in short-term adult male mortality rates of 12.8%’ and that ‘One mediating factor could be male unemployment rates, which were increased substantially by mass privatisation’ (2009, p. 399).

have led governments to reconsider the size and structure of their budgets and balance sheets. In this context, as Huffs Schmid (2008, p. 220) puts it, 'privatisation appears to be a solution to the problems of both the wealthy and the state: it gives the former a new area for investment, while at the same time easing the financial burden on the latter'.

Indeed, new capitalist actors have come to specialise in gaining ownership of government-run assets and access to publicly funded services. Australia's Macquarie Bank, for example, largely built its international market position on the basis of handling Australia's energy, transport and road infrastructure privatisations. One journalist remarked that the bank had become '[a]n unelected elite making big money from handling what the public used to own: it's a target-rich environment, if ever there was' (Haigh 2007, p. 33). Macquarie Bank also has substantial investments in publicly funded aged care services. As Crouch notes, firms engaged in privatisation and marketisation go on to cultivate very specialist capacities for dealing with the privatisation process: 'the core business of these firms is not therefore the substantive activity; providing defence equipment does not have much to do with educating children. ... The core business is the art of winning government contracts' (2013, p. 228). On the other side, public sector organisations and managers have also steadily built up skills and techniques in contract management.

The next two sections provide an indicative overview of how these pressures to sell public assets and marketise social services have played out in Australia since the 1980s. Although not comprehensive, this historical sketch demonstrates the complex politics and process of marketisation, as governments and oppositions seek to realise their ideologies while managing public expectations, the electoral cycle and fiscal and institutional constraints.² And although our primary interest is social policy, we begin with asset privatisation because it is useful for

2 Our overview is necessarily selective; for more detail, see Aulich and O'Flynn (2007a, 2007b), Colley and Head (2013), Fairbrother and colleagues (2002), Walker and Walker (2008), and 'Privatisation: a review of the Australian experience', a special issue of *Growth*, the journal of the Committee for the Economic Development of Australia, edited by Margaret Mead and Glen Withers (2002). The sources we cite in this section also deal with particular dimensions of the topic in detail.

understanding the parallel process of change in social services, in which market encroachment is less immediately visible.

Asset sales in Australia: what has happened and why

Early rationales for asset privatisation

In Australia, extensive public development of economic infrastructure, for example, utilities, transport, communications and financial services, had its roots in colonial history and was essential to nation building during the first three-quarters of the 20th century (Aulich & O'Flynn 2007a, pp. 371–72). However, this began to change as privatisation came squarely onto the policy agenda in the early 1980s, with the release by the Liberal–Country Party Coalition government (1975–83) of the report of the Committee of Review of Commonwealth Functions (soon known by its critics as the Razor Gang). In his ministerial statement on the report's release in April 1981, Prime Minister Malcolm Fraser outlined the government's objectives under the heading 'Transfer of functions to the private sector'. These were:

strengthening private economic activity and the influence of individuals over the economy through their choices in the market place. In the view of the Government, activities of a commercial kind are generally best performed in the private sector, where they are open to greater influence from consumers and to the disciplines of competition (Fraser 1981, p. 1,832).

Announced reforms included asset sales, contracting out, and encouragement of private sector involvement in a wide range of activities. In his endorsement of the report, then-Treasurer John Howard argued that Fraser's 'statement and the response of the Opposition have demonstrated what a sharp philosophical difference there is between we on this side of the House and the Opposition about the size and role of government in Australia' (Howard 1981, p. 1,986).

As it happened, the Review of Commonwealth Functions was more aspirational than effectual as a marketisation manifesto, not least because the Fraser government lost power early in 1983. Despite Mr

Howard's remarks on party differences, it was Labor governments led by Bob Hawke (1983–91) and Paul Keating (1991–96) that began divesting public properties and eventually government business enterprises. Nevertheless, the ALP was never united on privatisation, and some researchers argue that its asset sales were 'pragmatic' rather than ideological (Aulich & O'Flynn 2007a; see also Feigenbaum & Henig 1994, p. 194). Still, over 13 years in government, Labor clearly moved away from its pronounced ideological hostility to privatisation.

Researchers have pointed to a range of structural and contingent causes behind this shift in Labor's approach. One was the strong pull of neoliberal ideas on Labor, a social democratic party that found itself in office dealing with economic stagnation in ways that compromised its traditional redistributive goals (Lavelle 2005). Another was the growing influence, or at least receptive disposition, of neoclassically trained 'econocrats' in the federal bureaucracy (Hawker 2006; Pusey 1991). Public service reforms also gave unprecedented influence to policy entrepreneurs within the formal policy process, as the use of ministerial advisors and consultants became institutionalised (Hawker 2006). According to Geoffrey Hawker (2006), former merchant banker David Block, who was appointed to lead an 'Efficiency Scrutiny Unit' in the Department of Prime Minister and Cabinet in September, 1986 was particularly important during the Hawke years.³ Hawker argues that Block drove the marketisation agenda behind the scenes, following the crisis precipitated by a collapse in the terms of trade in 1986. This agenda included asset sales as well as the comprehensive introduction of commercial principles into the internal operation of the Commonwealth public service (Hawker 2006; Holmes & Wileman 1997).

Overall, then, it seems that economic crisis and the rising influence of small government ideas conspired to generate political and policy opportunities for market encroachment. Practically, this resulted in La-

3 A media report at the time collected several quotations from Prime Minister Bob Hawke extolling Mr Block's virtues and efforts, among which were: 'I wanted to get the toughest, leanest, meanest, most efficient bloke in the private sector, and bring him into the Australian public service to undertake a series of efficiency scrutiny surveys' and 'I pay tribute to the magnificent work that he has already done in, bringing to an examination of the practices of the Commonwealth public service, the rigours of the private sector' (Stephens 1987).

bor committing to balance budgets without raising taxes as a share of GDP, as part of the 'Trilogy' announced in the 1985–86 budget (Head 1988). Inevitably, this commitment would create multiple pressures for budget restraint and hence further policy reform, including the use of private providers in social services and the eventual sale of assets. These asset sales would help Labor to reduce budget deficits, fund popular programs, and avoid future capital expenditure on state-owned assets.

Given the lack of internal consensus in favour of this approach, it took a series of political and financial crises to give the ALP leadership the political authority to push major privatisation. In 1987, Prime Minister Hawke had unsuccessfully sought the approval of the ALP National Conference for asset sales (Goldfinch 1999, p. 14). Three years later, the impending collapse of the State Bank of Victoria (SVA), caused by the failure of its merchant banking arm, Tricontinental, opened the way for the partial privatisation of the Commonwealth Bank (CBA). Raising equity through privatisation enabled Treasurer Keating to sell part of the CBA and use the funds to purchase (rescue) the SVA (*The Economist* 1990). After the proverbial privatisation horse had bolted, a special party conference in September 1990 approved the sale of Australian Airlines and 49 percent of Qantas (Goldfinch 1999, pp. 13–14) and these, along with a range of other specialised defence and research organisations were sold over the subsequent years. Together, sales under Labor raised well over \$6 billion (Aulich & O'Flynn 2007a); see Table 1.2. Other sales were announced but not carried out; yet others were carried over into the Howard era (Hawker 2006, pp. 250–51).

By the mid-1990s, the Labor government had overseen a transition in which market encroachment into the public sector had become part of normal policy. Most indicative was the Keating Labor government's active pursuit of National Competition Policy (NCP) in the early–mid-1990s. This was an ambitious blueprint for microeconomic reform prepared by a committee of inquiry chaired by management professor Fred Hilmer in 1993 (Commonwealth of Australia 1993). NCP was agreed by the state and Commonwealth governments in 1995. It amounted to a framework for marketisation through microeconomic reform of government business enterprises (many of which were owned by the states) and in the economy more broadly, mandated via changes to the *Trade Practices Act 1974*. The policy's organising principles were

Markets, Rights and Power in Australian Social Policy

Table 1.2: Indicative summary of asset sales, federal and state governments, 1987–2013. For sources and notes, see appendix at the end of the chapter

Jurisdiction	Party of government ^(a)	Year	Asset	Proceeds (\$m)
Federal	ALP	1988	Defence Service House Corporation Loan Portfolio	1,515
		1993, 1995	Qantas	2,115
		1993	Commonwealth Bank (first tranche)	1,700
		1988–95	Other	1,037
	Coalition	1996	Commonwealth Bank (second tranche)	5,100
		1997	Melbourne, Brisbane and Perth airports	3,337
		1997–2006	Telstra (three tranches)	45,200
		2002	Sydney Airport	4,233
		1996–2004	Other	3,781
		NSW	Coalition	1989–95
NSW	ALP	1995–98	Tab Ltd, Axiom Funds Management	1,177
		2010	NSW Lotteries	1,011
	Coalition	2012	Kurnell desalination plant (50 yr lease)	2,300
		2013	Port Botany, Port Kembla (99 yr leases)	5,000
		2013	Electricity generators	160
Qld	ALP	1994	Gladstone Power Station	750
	National ^(b)	1996–2000	TabQ, Bank of Qld, Suncorp-Metway/QIDC, State Gas Pipeline	2,878
	ALP	2010	Queensland Rail	4,600

1 The politics of market encroachment

Jurisdiction	Party of government ^(a)	Year	Asset	Proceeds (\$m)
		2010–11	Other (Abbot Pt Coal terminal, infrastructure and resource assets)	4,500
SA	Labor	1992–93	Sagasco, SA Financing Trust	451
	Liberal ^(c)	1994–96	State Bank of South Australia	730
		1994–2000	Other infrastructure and resource assets	719
		1999	Esta Power and Power Utilities	3,500
Tas.	Liberal	1993	State insurance office	42
	Labor	2005	Hydro's Roaring Forties wind energy generation (50%)	110
Vic.	Liberal ^(d)	1992–98	Electricity industry	22,522
			Other (incl. Tabcorp, ports, grain handling, State Insurance Office)	1,227
WA	Labor	1993	State Govt Insurance Office	165
	Liberal	1993–2000	Dampier-Bunbury Natural Gas Pipeline, AlintaGas, Bank West, other	4,129

contestability, which warranted the break-up of monopolies, and *competitive neutrality*, which meant in practice that the public sector could not receive special treatment or protection in economic transactions. Removal of a range of industry-specific protections under NCP angered farmers and small business owners, raising doubt about the viability of rural communities (Boswell 1996).⁴ At the same time, NCP judged

⁴ National Party senator Ron Boswell spoke on behalf of these constituencies in this critical assessment of NCP. Later, Pauline Hanson's One Nation Party would be a beneficiary of small business and rural hostility to NCP (van Fossen 1998).

public sector subsidies to assist less well-off consumers and clients to be inefficient and uncompetitive, a move that raised concerns about the policy's impact on poorer Australians (Carver 1996). As we discuss later, this model for marketising public services has had a very significant impact on social service provision through the expansion of contracting out, including increased use of mechanisms such as competitive tendering.

Howard's privatisation program

Under John Howard's Coalition government (1996–2007), market encroachment on the public sector was pursued in all its forms at the federal level (Aulich & O'Flynn 2007a). The new government convened a National Commission of Audit, in the tradition of the Fraser government's Review of Government Functions and in keeping with its election promise. The Commission's terms of reference and underpinning principles were informed by market logic: to identify whether or not the federal government *should* be involved in the activities in which it *was* involved.⁵ Its report included the recommendation that 'The Government should shut down or sell public sector assets where there appears to be no public interest reason for continued government ownership' (National Commission of Audit 1996, recommendation 3.4). The definition of public interest was correspondingly narrow.

The Howard government ran with this advice. Between 1996 and 2006, it sold the remainder of the Commonwealth Bank, Telstra, most major and minor airports, the National Rail Corporation, and Australian Defence Industries, among other assets, which, at a total of more than \$61 billion, yielded nearly 10 times more than earlier sales under Labor (Aulich & O'Flynn 2007a, appendix 2). The Howard government

5 According to Hawke and Wanna (2010, p. 71) the recommendations of the Commission of Audit were more 'managerial than neoliberal, oriented towards doing more with less and improving "value for money" . . . based on a presumption that program managers (spenders) would manage their own budgets better'. The distinction between managerial and neoliberal is valid, albeit rather fine. David Block's proposals, which used private sector models to reform the public sector, were based on the same assumptions (Hawker 2006), and asset sales and other marketising reforms are prominent among the commission's recommendations.

1 The politics of market encroachment

also embarked on a massive program of contracting out of IT and other 'non-core' services from the federal public sector (Aulich & O'Flynn 2007a; Australian Public Service Commission 2003; Pittard 2007).

Coalition policy towards privatisation clearly followed the Liberal Party's stronger embrace of free-market economics, most forcefully expressed in the *Fightback!* program of 1991 (Liberal Party of Australia 1991). Still, mass privatisation needed public legitimation, and the question was central in the election of 1996. In 1988, around the time that the ALP had begun selling off some Commonwealth assets, public support for whole or part privatisation of Telstra was measured at 61 percent (Goot 1999, p. 217). However, by 1996, when the Coalition under John Howard's leadership was seeking election on a platform that included privatising Telstra, support for the sale had fallen to 33 percent (Goot 1999, p. 217). Thus, the Coalition needed to manage the electoral risk of persisting with privatisation, and the related problem of National Party resistance to a reform with the potential to hurt rural communities. As Goot (1999) argued at the time, Howard crafted a complex and electorally successful strategy to neutralise criticism from the left. He promised funds from the Telstra sale to undertake environmental projects, while also making the (now credible) argument that Labor would privatise anyway.

The Liberals also actively promoted privatisation by encouraging small 'mums and dads' shareholders to buy shares in the staged privatisation of Telstra. Designed to appeal to middle-class and aspirational Coalition voters, this strategy repositioned the sale of major public assets as a step towards genuine popular ownership. In his closing address to the Liberal Party's 1998 national convention, John Howard exalted popular share ownership as his 'great goal' for the future:

just as Robert Menzies made Australia the greatest home-owning democracy in the Western world, so it is my goal that my Government will make Australia the greatest share-owning democracy in the world. Already we have sold one-third of Telstra and we're along the way towards that goal ... we have made a firm policy decision, that if re-elected we will proceed to allow the people of Australia, the men and women of Australia, to buy the remaining two-thirds of Telstra (Howard 1998).

To overcome National Party resistance, the Coalition restricted foreign ownership in Telstra (just as the ALP had restricted foreign ownership of Qantas in 1992) so that its sale would not arouse excessive nationalist concern about foreign takeovers of land and assets – a rallying cry of populist right-wing resistance to free markets that continues today.⁶

Although privatisation was clearly and increasingly unpopular with the electorate, the Howard government persisted with attempts to sell assets well into its final term. It passed legislation to privatise Medibank Private, a huge government-owned health insurer, late in 2006 and began to arrange the sale by share market float (Department of Finance 2007, p. 44). Following public outcry, the sale was then postponed until after the 2007 election (Aulich & O’Flynn 2007b, p. 161), which the government lost, so ‘the sale process was promptly terminated’ (Department of Finance 2008, p. 49). Public opposition was also decisive in the government’s 2006 decision not to proceed with the sale of the Snowy Mountains hydroelectricity scheme, which was at an advanced stage of planning. In June of that year, the sale of this ‘Vegemite of national infrastructure’ (Andren 2006, p. 22) was withdrawn. The prime minister justified the decision by saying that ‘The decision to sell has created a lot of unhappiness in the Australian community right across the political spectrum. I am not such a zealot about privatisation that you sell everything under the sun irrespective of the circumstances’ (Howard 2006).⁷

The return of Coalition government in 2013 – and of privatisation

The final asset sales planned by the Howard government did not go ahead, and during the years of ALP federal government under Kevin Rudd (2007–10, 2013) and Julia Gillard (2010–13), privatisation, at least in the form of public asset sales, was off the agenda. The GFC may

6 Chan (2013) describes the ‘explosive entry’ of the issue of foreign ownership, especially of land, into the 2013 federal election campaign.

7 With an election coming, in the same press conference, Mr Howard also admitted to succumbing to the persuasion of his cabinet colleague, member for the bellwether seat of Eden-Monaro, to withdraw the proposal. He also blamed the NSW Labor government, a major shareholder in the Snowy Mountain scheme, for proposing the sale in the first place (Howard 2006).

1 The politics of market encroachment

have had a role here, as Labor returned to a more traditional Keynesian deficit-funded stimulus strategy (Colley & Head 2013, p. 869).

The re-election of a Liberal–National Coalition government in September 2013 immediately revived discussion about reducing the size of the public sector. Further asset sales were not mentioned in the Liberal Party’s ‘Real Solutions’ election policy statement, although the sale of Medibank Private was foreshadowed, along with massive cuts to public sector jobs. After winning, the government returned to the Coalition’s longstanding marketising agenda, justified by reference to the (apparent) weak fiscal position of the federal government.

Action was swift. Announced in October 2013, a ‘Commission of Audit’ reported in February 2014 and advised the government on an aggressive, deep and wide-ranging privatisation and outsourcing program. Recommendation 57 of the report used the Hilmer-era idea of ‘contestability’ to justify its advocacy of short, medium and long term privatisation of entities including the Snowy Hydro, the Mint, Defence Housing Australia, and the National Broadband Network (National Commission of Audit 2014, pp. 220–24). Proposals for the sale of several of these were announced in the 2014–15 budget.

The Government had already committed itself pre-election to the full privatisation of the largest private health provider, Medibank Private, which was floated in November 2014 and raised the government around \$6 billion (Hartge-Hazelman & Baker 2014). This privatisation will likely reshape how price-setting occurs in the private health insurance industry, with ongoing signs the government will allow premiums to continue to rise at a record or near-record pace (Gardner 2015).

Perhaps the most serious threat to public infrastructure emerged with the implementation of the Asset Recycling Initiative, agreed to at a Council of Australian Governments meeting in May 2014 (Dossor 2014). The aim of the program is to provide federal incentives for states to privatise existing assets on the condition that the proceeds fund new public infrastructure (Department of Infrastructure and Regional Development 2014). The success of the proposal is no doubt related to its twin appeal to natural privatisers and those governments desperately looking for infrastructure finance. By early 2015, the South Australian, Victorian and Queensland governments had accelerated privatisation plans to access these funds (two year time limit for access) (Crowe 2014). The federal government’s proposals have the potential to un-

leash a vast program of asset transfer into private control, and to further generate profits for private businesses involved in public-private partnerships financed by the sell-offs.

State governments and asset sales

State governments, which have traditionally owned utilities and which had a major presence in insurance and banking, also began to sell off assets in the 1990s. And, as Table 1.2 shows, over the last two decades, at least one wave of asset sales has occurred in all states, under ALP and Liberal governments. As with the federal sphere, fiscal difficulties have been as much a driver as ideological zeal. Over time, rationales at the state level have also changed, from an emphasis on debt reduction to pleading about the need to raise revenue for infrastructure (Colley & Head 2013). Overall, Liberal governments have privatised more and faced less political resistance than Labor. As such, the return of Liberal governments in Victoria, Queensland and New South Wales (NSW) after 2010 has relaunched the privatisation agenda in those states.

Some of the privatisation experiences of the Australian states are worth chronicling in more detail. In NSW, ALP governments attempted to continue the process of asset sales begun in the 1990s under Premier Nick Greiner's Liberal-National Party government, but mostly failed. Indeed, privatisation initiatives by Labor governments in NSW faced paralysing internal opposition. The proposed sale of electricity generators in NSW under Labor premiers Bob Carr (in 1997 and 2003) and Morris Iemma (in 2007 and 2008) (Colley & Head 2013, p. 871) led to serious internal party revolts, on both occasions led by the union movement, and the sales did not go ahead. A further sell-off attempt in 2010-11, under Labor's Premier Kristina Keneally, was also eventually derailed with the ALP's defeat in 2011. Given the political difficulties Labor had faced, Liberal premier-in-waiting, Barry O'Farrell, made undertakings to unions before the election not to privatise certain entities, including water and ferries (Smith 2011). However, since the election, a significant asset sale program has been underway, involving electricity generators, a desalination plant and the three major ports of NSW (Table 1.2 shows major sales completed between 2011 and 2013). To carry out these large scale asset sales, the government was required to engage in political trade-offs with minor parties (Clune 2012, p. 628).

1 The politics of market encroachment

In the run-up to the 2015 election, Premier Baird (2014–) has foreshadowed the sale of further electricity assets ('poles and wires'), but faces strong public disapproval of the proposal (Nicholls & Hasham 2015). Meanwhile, another program of asset sales has been less visible and so less contested. In late 2012, the NSW government established an agency, Government Property NSW, to manage its portfolio of 200,000 properties, which have a combined value of almost \$130 billion. By February 2015, \$1 billion worth of these properties had been sold, and many more were slated for future sale (Knowles & McClymont 2015). Like the major asset sales, these divestments have been consistently justified as providing funds for infrastructure development.

Victoria's Liberal government led by Premier Jeff Kennett in 1992–99 embarked on the most ambitious program of privatisation and outsourcing in a highly ideological response to its inherited budget and debt problems (Robinson 1994). More than 50 government businesses were sold, including the electricity generation sector and public transport systems, yielding more revenue than the proceeds of the privatisations of all other states put together at that time (Colley & Head 2013, p. 870). After a long period of ALP government (1999–2010) during which privatisation was not pursued, the Victorian Liberals regained government in 2010 and market reform returned to the centre of policy debate.⁸ Although there were no major asset sales under Liberal rule, both premiers Baillieu (2010–13) and Napthine (2013–2014) publicly stated that privatisation was a strategy under consideration, notably to raise revenue for infrastructure projects (Gordon 2012; Napthine & O'Brien 2013).

Queensland came relatively late to large-scale privatisation: starting small under the ALP in 1994, asset sales took off under National Party governments between 1996 and 1998. A hiatus during ALP governments led by Premier Peter Beattie (1998–2007) was followed by a massive second wave of privatisation under Labor Premier Anna Bligh (2007–12), who announced these plans *after* Labor won the 2009 election. These asset sales (which included Queensland Rail) were not

8 The incoming government commissioned an Independent Review of State Finances, the report of which they considered too controversial for publication, but which recommended very wide-ranging transfers of public responsibility to the private sector, according to media reports (Uren 2012).

anticipated by voters, who opposed them, and they have consistently factored as a reason for her government's crushing defeat in March 2012 (Quiggin 2012). Not surprisingly – against the recommendations of its own Commission of Audit⁹ and in spite of an enormous parliamentary majority – the new Liberal–National Party government of Premier Campbell Newman undertook not to sell any further assets without an explicit mandate. In January 2015, however, Premier Newman took a far-reaching privatisation plan to voters, centred on the sale of electricity assets (Ludlow & Wiggins 2014). His party lost the election, and Mr Newman himself lost his seat, after Labor campaigned primarily on the privatisation issue.

In Western Australia, the first asset sale (of the State Insurance Office in 1993) was undertaken by a Labor government, but this privatisation was overshadowed by the sweeping divestment of infrastructure, energy, banking and other assets under a Liberal government between 1993 and 2001. Following seven years of Labor rule (2001–8), the incoming minority Liberal government did not pursue asset sales immediately. When Western Australia lost its AAA credit rating in September 2013, following significant increases in the state debt, Premier Colin Barnett immediately began to discuss privatisations, despite promises not to do so before the election in March that year (Burrell & Taylor 2013). However, such proposals are clearly politically sensitive, and he has been careful to hedge: 'there will not be asset sales that impact on services to the public ... they will be carefully thought out' (Burrell & Taylor 2013).

In South Australia, privatisation began in a small way under the ALP in 1992, but proceeded apace under Liberal premier Dean Brown, who was elected in a landslide in 1993 and claimed a mandate for large-scale reform, including reducing public debt through asset sales (Martin 2009, p. 141). Colley and Head suggest that when Labor returned to government in 2002, 'the privatization agenda had run its course' (2013, p. 870).

Federal Treasurer Hockey's recent privatisations (noted above) have re-opened the question of asset sales at the state level in the most

9 Premier Newman established a Commission of Audit soon after winning the 2012 election. The Commission's report recommended further asset sales and a variety of other marketising reforms (Queensland Commission of Audit 2013).

1 The politics of market encroachment

comprehensive way since the introduction of NCP two decades ago. The premiers of NSW and Queensland responded with caution, citing the need for engaging voters before signing up to the scheme (Coorey 2013). However, with so much privatisation having already occurred, those assets remaining in public hands increasingly seem to political and business elites like an unexploited opportunity.

What can be concluded from this overview of Australia's experience with privatisation? The first conclusion is that governments at federal and state levels, on both sides of politics, privatised. They did so often against political opposition, and typically against public opinion – our focus later in this chapter. Labor in opposition at both state and federal levels tends to oppose privatisations, with state premiers Steve Bracks in Victoria and Wayne Goss in Queensland later expressing regret about the impact of privatisations they instigated on rural rail services in their respective states. Nevertheless, Labor is inclined to promote asset sell-offs when in government, despite voter and union resistance. Coalition governments are persistent and successful privatisers, most using a 'commission of audit' to frame their agenda.

The second conclusion is that, over time, rationales for privatisation change (Colley & Head 2013). At the state level, fiscal difficulties have been a persistent rationale. Ideology has become less explicitly important, but only because the ideas behind privatisation have become normalised in elite discourse. Moreover, in recent years, sell-offs have been increasingly justified to voters as providing funds for much needed infrastructure, both at the federal level and by the states, which are responsible for three-quarters of infrastructure investment (Chan et al. 2009, p. xvi). Once the funds are raised, infrastructure development is increasingly undertaken through 'public-private partnerships', which are a form of market encroachment by other means.

The third conclusion is that, despite difficulties encountered in privatisation, there have been no serious or programmatic proposals to reverse privatisations of any major asset sales at either level of government, or by either major party.

A final conclusion involves assessment of whether privatisation has been a success on its own terms. Two main criteria have justified privatisation: improving efficiency and raising revenue; the latter has dominated in recent years, but the two are connected. Researchers have found that public assets have been underpriced in Australian privati-

sations (Gong & Skekhar 2001), and that, because most privatisations have *not* been undertaken through open subscription to an Initial Public Offering, the windfall gains have accrued to purchasing companies, not to individuals (Docherty & Easton 2013). In early 2008, Walker and Con Walker estimated that the sale proceeds to date amounted to \$56.2 billion, while the market value of assets sold was \$151.3 billion, representing, they argued, a transfer of \$95.1 billion to the private sector (2008, p. 20). Table 1.3 presents the current market value of a handful of former publicly owned enterprises, to give a hint of the scale of on-going impact on public balance sheets.

Assessing the fiscal consequences of privatisations in Australia, taking into account the potential for efficiency gains, economists Harris and Lye (2001, p. 319) concluded that generally, governments should not use privatisation with the objective of raising revenue. In particular, selling efficient and profitable government-owned enterprises is most detrimental to the public sector and this reduction in net worth is ultimately borne by the taxpayer. Privatisation is a poor fiscal tool and should not be used as a means of improving economic efficiency.

Furthermore, a program of privatisation targeting inefficient government-owned enterprises might result in a fiscal gain, as was the case with Telstra, Qantas and the Commonwealth Serum Laboratories (CSL). This provides more weight to the case for privatisation of inefficient government-owned enterprises. Too often, governments are intent on selling profitable and competitive enterprises without sufficient justification.

This nuanced view of privatisation, however, is not reflected in political debate in Australia, where asset sales are generally framed as good economic sense. Meanwhile, public-private partnership (PPP) arrangements, which are becoming a preferred model of infrastructure development following privatisation, also raise public interest concerns. Infrastructure PPPs give governments political opportunities, not least because they 'are not recorded on government balance sheets, bypassing expenditure controls and reducing parliamentary and public scrutiny of projects' (Chan et al. 2009, p. 143). PPPs also provide lucrative opportunities to businesses in the finance sector as well as in construction. Critics point out that 'the potential for the interests of the advocating government and the business partners to dominate over the public interest has been palpable' (Hodge & Greve 2010, p. S8).

1 The politics of market encroachment

Table 1.3: Current market capitalisation of major assets

Company name	\$ million
Qantas	2,668.54
Commonwealth Bank of Australia	122,490.50
Telstra	64,703.99
Suncorp	16,133.98
Tabcorp	2,715.39
Total	208,712.40

Source: www.bloomberg.com, valuation at 14 February 2014

In the shadows: marketisation in social services

Asset sales appear as highly visible lump sums on the revenue side of the public ledger. And, Australians are aware of changes in service arrangements in new privatised banks, airlines, utilities, and telecommunication carriers. Are techniques involved in the marketisation of social *services* so obvious? The answer is no: measures such as contracting out (outsourcing) or tax expenditures to support market provision are much less visible. One reason is that contracting out appears on the expenditure side of the public ledger, often as part of program outlays and recorded in ways that do not make clear who the government is paying to provide services. Tax expenditures are particularly opaque. Not reported in the budget at all,¹⁰ revenue is ‘forgone’ in the form of tax concessions to individuals and companies.

Marketisation of social services is different from asset sales in another important way. Most of the assets sold by governments in recent decades provided services for which payments by consumers (whether households or industry) covered the costs of production, and in many cases delivered a surplus to the public purse. Public ownership dealt with the problem of natural monopolies, distributing the surpluses of production to consumers and businesses that would have otherwise

¹⁰ Tax expenditures are reported separately in Treasury’s annual *Tax expenditure statements*.

accrued as monopolistic profits. Many social services are different: consumers (generally households or individuals) typically do *not* pay the full cost of production; indeed, they may pay relatively little. Such services are publicly subsidised for social purposes; in other words, redistribution is an essential feature of their design. They are *social* infrastructure that enables labour market and community participation (for example, of parents of young children and family members of frail older people and people with disabilities), and that provides in-kind specialised support to various vulnerable groups (for example, through support to find work for unemployed people, welfare services for children and families and residential care for older people) and to people in crisis situations (for example, following natural disasters, droughts, homelessness or domestic violence).

These characteristics affect the politics of social service marketisation in different ways. For example, services directed at smaller, disadvantaged groups such as unemployed people, are less likely to attract widespread public attention, especially when the economy is growing, so changes may not be registered, let alone resisted. Meanwhile, services taken up across all social groups, such as child care and aged care, have only quite recently, and partially, emerged as ‘public issues’ from their prior status as ‘personal troubles’, to use C. Wright Mills’s well-known formulation. Thus, compared to universal services such as health and education that have long been provided collectively, the political salience of child care and aged care to broad publics is still developing.

Regardless, profound shifts have occurred, and in what follows, we point to a few major developments at the federal level¹¹ to give a sense of the changes that have introduced market practices and actors into social services over the last two decades. We discuss child care, employment services, superannuation, health care, aged care and approaches to the non-government sector. As pointed out in Goodwin and Phillips (this volume), publicly subsidised social services have long been provided by a range of mostly private (non-public) providers in Australia. However, until relatively recently, the ‘mixed economy’

11 The state governments have primary responsibility for organising delivery of many social services affected by the changes we discuss. Developments at the state level are not chronicled here but deserve a definitive account.

was not primarily coordinated by market instruments and incentives, and the role of for-profit organisations was marginal or non-existent in most policy areas. Other chapters in this volume, especially those by Davidson (on community care), Stebbing (on retirement incomes), Carney (which includes discussion of aged care), Proctor and Aitchison (on schooling), Collyer, Harley and Short (on health care) and Mitropoulos and Bryan (on a new financing method for social services) fill out the account in detail.

Hawke and Keating's welfare model: Labor engages private services

The Hawke and Keating Labor governments made critical reforms to social policy that increased involvement of private sector actors, both non-profit and for-profit. Important for understanding Labor's reforms in these areas is that they were aimed at increasing the scale of service *provision* without increasing the size of the *public sector* – although public *spending* on key service areas did increase significantly. Using the examples of child care, employment services, and retirement income provision, we show how increased service provision was largely achieved by promoting the growth of private sector alternatives to underdeveloped public provision.

Child care had long been provided in a mixed economy, with some, but not all, private providers, enjoying public subsidies. As Brennan (1998; 2007) has documented, only non-profit and local government providers were eligible for federal government funding under the terms of the *Child Care Act 1972*. In limiting eligibility in this way, the then Liberal government accepted the recommendation of early childhood professionals that good quality care 'was best provided in childcare centres under the auspices of non-profit organisations' (Brennan 2007, p. 214) – market ideas were yet to influence this policy domain.

In the 1980s, Labor had changed the model of recurrent funding for these services, in a bid to save money by reducing public spending on what some in the government saw as unjustifiable support to the middle class (Brennan 1998). Before this reform, funding levels had been tied to actual staff costs, and so were formally linked to the costs of providing services. The reforms, which were resisted by unions, childcare workers and women's groups, shifted the funding model to

payment per licensed place. The new payment was *not* formally linked to costs of provision, and this payment was supplemented by fee assistance to low-income families. The new approach to funding services delinked the level of public funding from the actual costs of provision, and has been widely used to contain the public cost of social services since the 1980s. User fees typically make up the difference between the subsidy and the cost – a form of privatisation to households.

Other ALP reforms to child care further privatised the system by promoting the expansion of for-profit provision. In 1991, the ALP government increased funding to child care by extending eligibility for public subsidies to parents using for-profit providers. Brennan (1998) has documented how this decision was a compromise, following intense debate within the ALP, pressure from for-profit providers and opposition from women's groups.¹² An important rationale for increasing public funding for child care was Labor's commitment to addressing child poverty; the rationales for the chosen measure – extending subsidies to for-profit providers – included competitive neutrality and the need to draw more capital into the sector (Brennan 2007, p. 215). This round of changes shifted the financing mechanism from one which primarily funded *centres* to provide services to one which primarily funded *parents* to subsidise the costs of child care – effectively a 'voucher system through the back door' (Brennan 1998, p. 188). The impact of these changes was immediate and profound. Between 1990–91 and 1995–96, the number of children using formal child care grew from 153,100 to 570,300, and federal expenditure on child care grew from \$245.6 million to \$990.6 million (Australian Institute of Health and Welfare 1997, p. 111–12). Over the same period, the number of places in for-profit childcare centres increased from 36,700 to 122,462 (233 percent) while the number of places in community-based, non-profit services increased from 39,567 to 45,601 (15 percent) (Brennan 2007, p. 215).

12 The Minister of Finance, Peter Walsh, agreed with the for-profit providers that a voucher system would be the best policy. For market champion Walsh, vouchers would resolve the problems of inequity arising from the disproportionate use of publicly subsidised child care by middle-class families. However, this policy was not adopted (Brennan 1998).

1 The politics of market encroachment

The ALP also sought to widen access and improve benefits without establishing new public institutions in another social policy domain: retirement incomes. In 1992, the government introduced compulsory superannuation, thereby making occupational superannuation available to a much wider range of employees than previously (see Stebbing, this volume, for a detailed analysis). During Whitlam's leadership of the ALP, a national (public) superannuation scheme was added to the party's platform in 1969, based on a collective logic. The ALP under Hawke and Keating did not take this route, and the chosen instrument led to the growth of a massive private funds management industry, underpinned by public subsidies in the form of generous tax concessions. Note, however, that non-profit industry super funds were an important innovation of this time, and were the default funds for workers on industrial awards. With these industry funds, a vestige of an associational logic was retained by the ALP's reforms.

With its employment strategy, *Working nation*, released in 1994, Labor sought to address the high unemployment of that time with a job guarantee for the long-term unemployed and a more flexible model of assistance to job-seekers in finding and training for work. This more individualised assistance was to be achieved through specialised 'case management' services, established as a complement to the mainstream Commonwealth Employment Service. Case management would be offered by a newly constituted public provider, Employment Assistance Australia (EAA), along with services outsourced to non-government organisations, both for-profit and non-profit. Contracts were allocated following a tender procedure run by an independent regulator, with competition between providers (including EAA) on quality, not price. By 1996, 30 percent of case management services were offered by private providers (Considine 2000, pp. 277–78; Considine 2003, p. 66).

In other policy domains, a similar pattern of a blend of social democratic goals on one hand, and fiscal containment and the increasing use of corporate/market mechanisms and private actors on the other, is evident. In 1983, for example, Labor established Medicare, a universal public health insurance system – to fund mostly privately allocated, privately provided medical services. Meanwhile, in aged care, earlier Liberal governments' subsidies to residential care had promoted open-ended, uncoordinated and inequitable development of the nursing home sector. Labor's remedies for these problems combined bu-

reaucratic (regional planning) and market (competitive tendering) logics (Kendig & Duckett 2001; see Davidson, this volume for discussion of developments in community care). As with asset sales and competition policy, many Labor reforms in the social services provided fertile ground for more thoroughgoing marketisation by the Howard government after 1996, and for the consolidation of for-profit provision in many social service fields. Not least was the consolidation of new private interests in social policy, interests that sought to keep funding flowing and to contain regulation that might increase costs.¹³

In an overlapping set of developments, the way governments dealt with non-government service providers also began to change significantly during the 1980s (see also Goodwin & Phillips, this volume, for a more systematic treatment of this issue). As public spending on social services increased and private providers were more systematically included in the welfare state, governments sought tighter control over those providers. To this end, governments at federal, state and local levels began to use a suite of corporate management technologies, including program budgeting, performance measurement and corporate planning to arrange both their internal operations and their relationships with the private organisations they funded to provide social services (Considine 1988; see also Healy 1988; Industry Commission 1996).¹⁴ As these approaches took hold and evolved over the subse-

13 Brennan (1998; 2007, p. 220) has shown, for example, how for-profit childcare providers first successfully fought for access to public subsidies and then, often successfully, resisted increased quality regulation.

14 The report of an inquiry into competitive tendering and contracting (CTC) by public sector agencies, was commissioned by the ALP government and released in early 1996. Section A. 1 of the report contains an excellent articulation of the principles of public sector management and change abroad at the time. Section A. 2 showed that CTC accounted for a relatively small proportion of public spending at that time. At the federal level, the Defence and Veterans Affairs departments dominated CTC, measured by expenditure (Industry Commission 1996, pp. 60–61), while in New South Wales and Western Australia (the only states for which detailed figures were given), CTC accounted for small but rapidly growing proportions of spending – in NSW, 2.3 percent of expenditure was via CTC in 1992–93, rising to 4.0 percent in the following financial year. In WA the proportion increased from 3.6 percent in 1992–93 to 7.6 percent in 1994–95 (Industry Commission 1996, p. 62).

quent decades, they significantly changed the demands government funders made on their 'suppliers.'

Howard's service marketisation: contracting out and tax expenditures support private service industries

Outsourcing and competitive tendering developed apace during the Howard years. Alongside asset sales, the Howard government outsourced information technology, human resources and knowledge services in the federal bureaucracy. It was also very active in marketising areas of social policy. The Hawke and Keating governments tended to use marketising reform to *expand* service provision by using public subsidies or legislation to increase services. By contrast, Howard's policies tended to encourage the *substitution* of private provision or funding for public. In an analogue to its ambitions for 'mum and dad' share ownership, the Howard government's rationales for social service marketisation included enhancing individual choice. Promoting the growth of the private sector's share of provision was also an explicit policy goal. Here we briefly outline some developments in child care, job placement services, superannuation, health care and aged care, to demonstrate the character of market reform of social services during the Howard years.

The extension of public subsidies to for-profit providers under Labor was a quick-fix solution to the problem of the undersupply of child care, with an uneasy mix of rationales. The Coalition government's approach to child care funding was more unequivocal in its promotion of a market-driven system – albeit one that provided large and growing public subsidies to the families targeted by Howard's politics, which also emphasised traditional gender roles and extended social benefits to those on higher incomes.

In its first budget, the government reduced and restructured child care funding. It removed the operational and capital subsidies to non-profit, community-based child care services despite promises not to do so before the election, reduced the level of one form of child care subsidy to parents, and imposed a means tests on the other (Brennan 2007, p. 216). However, new funding arrangements brought in as part of the New Tax System in 2000 *increased* the Child Care Benefit (CCB) paid to parents, and increased the eligibility threshold for this benefit. In 2004 – an election year – a further subsidy was introduced, in the form of a

tax expenditure: the Child Care Tax Rebate (CCTR), which subsidises parents' out-of-pocket expenditure on child care. While the CCB is means-tested and cut out for families above a certain income threshold, the CCTR was capped but not means-tested. The CCTR considerably reduced the extent of targeting of child care benefits, and injected yet more funds into the system.

The further injection of funds into an unplanned system, which had relatively undemanding quality regulation and no cap on fees, created favourable conditions for the further expansion and corporatisation of for-profit provision. A spectacular example of the business opportunity apparently offered by the new funding regime was the rise of ABC Learning. Listed on the stock exchange with 43 centres in 2001, in 2007 it owned 2,323 centres, of which 1,095 were in Australia, following a building program and the aggressive pursuit of acquisitions (Newberry & Brennan 2013). At its high point, ABC Learning was the world's largest child care company. Along the way, owner Eddie Groves made close relationships, including business deals, with several leading Coalition politicians; indeed, Larry Anthony, the Howard government's minister for Children and Youth Affairs joined the board of the company as a non-executive director within months of losing his seat at the 2004 election (Brennan 2007, p. 218). Critics have pointed out how policies championed as fostering competition and choice in child care instead led to strong market concentration and price inflation (Newberry & Brennan 2013).

Earlier in the 1990s, Labor's *Working nation* expressed a mix of social democratic and marketising impulses, and began the process of contracting out job placement services. The Howard government's reform of labour market programs removed the social democratic elements, notably the job guarantee, and, as Mark Considine puts it, involved 'radical changes ... to strengthen the market elements of this service' (2003, p. 66). Using the now ritual criticisms market reformers use to justify policy change, the government claimed its evidence-based labour market programs were addressing the 'inflexibility, lack of choice and diversity, the absence of competition and unclear objectives and outcomes' of the ALP's *Working nation* (cited in Thomas 2007, p. 10). In 1998, the 'Job Network' was created and all publicly funded job placement services to recipients of income support were put out to competitive tender. The CES and EAA were closed down, and replaced

1 The politics of market encroachment

for the time being by a new public entity, Employment National, which competed alongside private providers. Over two rounds of contracting in 1998 and 2000, Employment National's share fell to below 10 percent, and at the third round in 2003, all contracts went to private providers (Thomas 2007).¹⁵

The Howard government also made a large number of reforms to superannuation policy during its period in office, not all in the same direction.¹⁶ Some early measures sought to decrease inequities in the system arising from the *compulsory* nature of the Superannuation Guarantee, which removed urgently required money from the pockets of people on very low incomes, and from the very longstanding and regressive tax concessions on super contributions, which Labor had not remedied. There were also several measures designed to improve the sustainability of the system, such as increasing the preservation age, and removing disincentives for older people to remain in paid employment. However, the main thrusts of superannuation policy during the Howard years, especially later on, were to enhance the business opportunities of private financial institutions and to increase the benefits received by a core constituency of wealthy voters (see Stebbing, this volume).

The idea of enhancing choice was a key rationale behind the two main reforms that both increased the scope of for-profit private superannuation and reframed superannuation as a financial services 'product' directed at 'customers'. The first was the *Retirement Savings Account Act 1997*, which enabled a wide range of financial institutions to offer alternatives to trustee-controlled superannuation funds, thereby opening up a tax-expenditure-subsidised business opportunity to private banks. These opportunities increased when, after a long gestation, legislation was passed to enable employees to nominate any eligible super-

15 The Coalition introduced competition over price as well as quality into the tender processes of 1998 and 2000, but removed price in 2003 because it was evidently counterproductive (Thomas 2007, pp. 2, 19). Over time, detailed control over providers increased, in the attempt to deal with the predictable problems of 'parking' of hard-to-place clients and selection bias towards easier-to-place clients ('creaming') that arise in marketised systems (Thomas 2007, p. 23).

16 For a comprehensive overview, see Warren (2008), from whom much of the following is drawn.

fund, rather than the default fund, in their industrial agreement from 2005 (Warren 2008, p. 18).

As noted above, early changes sought to decrease inequities arising from concessional tax treatment of contributions to superannuation. However, later changes reversed some progressive measures and, overall, significantly increased the inequity of superannuation arrangements.¹⁷ The government argued that the changes would ‘dramatically simplify superannuation for retirees and improve incentives to work and save’ (Australian Government 2006, p. 9). The government abolished the tax surcharge on superannuation contributions by high-income earners it had introduced in its first budget, removed *all* taxes on superannuation benefits, and extended arrangements that permitted sharing of entitlements with spouses, which offered significant benefits to high-income breadwinner households. One consequence was the very steep climb in the costs of revenue forgone in tax expenditures during the final years of Howard rule (see Table 1.4).

Increasing choice was also an important justification for Coalition reforms in health policy. In opposition, the Coalition had long opposed universal health insurance: the Fraser government abolished the Whitlam government’s Medibank, and Medicare was an opposition target during the Hawke and Keating governments. In 1995, however, Howard changed his mind – for electoral, not ideological reasons. As he put it to his biographers, Wayne Errington and Peter van Onselen:

I think that there is a certain bedrock statism in the Australian psyche. I came to the conclusion that the public would never let us get rid of Medicare and we had to accept the public wanted it and what our responsibility was to try and build on it and develop up the policies and build around Medicare (2007, p. 228).

Accordingly, Medicare was not retrenched after the election of the Howard government. Instead, the Coalition offered support for private

17 Measures to encourage low-income earners to contribute to their own superannuation were retained, but were marginal beside the benefits that flowed to high-income earners. It is also important to note that the ALP did not remove regressive concessional treatment of superannuation contributions that had existed for many decades.

1 The politics of market encroachment

alternatives to Medicare, in the form of a 30 percent rebate on private health insurance premiums in 1999. The goals were to revitalise the rate of private health insurance, which had declined significantly since the introduction of Medicare, and, as noted, to enhance choice. To defray public opposition, the Coalition framed the rebate *as a support for Medicare itself*, by diagnosing an ‘unsustainable pressure’ on the public system, to be relieved *not* by increasing funds to that system, but rather by subsidising private alternatives (Elliott 2006). In 2004, an election year, in the attempt to shore up support of another key Howard constituency – older Australians – the rate of the rebate was increased to 35 percent for people between 65 and 70 years old, and to 40 percent for those aged over 70.

One reason why older people might have needed a sweetener of this kind is that, on the recommendation of the National Commission of Audit in 1996, the Howard government sought to bring a different marketising instrument into aged care policy: user pays. The first Coalition budget brought in user fees for the first time for services under the Home and Community Care program, and new means tests were introduced and fees increased in residential care in 1997. The most controversial change was the introduction of ‘accommodation bonds’, which bring in service user resources to fund capital deficits in residential care. This measure was strongly resisted by older people and their families, who feared that they would have to sell the family home to gain access to the care they needed (Fine & Chalmers 2000, p. 11).

Also introduced in 1997 was a policy designed to enable those with more resources to pay more to get more within publicly subsidised residential care. Providers would be able to offer ‘extra service’ facilities or wings, to ‘enable residents in aged care services to enjoy a superior level of comfort and choice’ (Department of Health and Ageing 2005, cited in Buckmaster 2005, p. 3). While fees, subsidies and standards for *care* remained set by the government, proprietors could set their own charges for *service* dimensions, such as accommodation, food and recreational and personal services. This measure was a deliberate attempt to engender stratification within aged care, and opened a lucrative business opportunity in which corporate providers were particularly interested (Buckmaster 2005, p. 4).

Across most social policy fields, the government took a similar approach. For example, federal funds for private schools were also in-

creased and funding rules relaxed, which the government justified as enhancing educational choice and which lead to significant growth of private education. This, along with changes to the range of policies already discussed, exemplifies some key themes and instruments in Coalition social policy. Promoting private alternatives to public provision, justified as enhancing self-reliance and consumer choice is one; another is the use of tax expenditures as a social policy instrument, not least to extend benefits to higher income households previously ineligible for support within Australia's targeted welfare model. By the end of the Howard era, private provision of social services had increased considerably, as had the share of for-profit companies within the private sector, and stratification in education, health care and aged care had been actively engendered by public policy. Further, despite the focus on cost containment in many policy areas, the extent of public involvement in social policy, as measured by spending, had not shrunk by 2007; indeed, quite the reverse, it had expanded – leading the Howard government's approach to be characterised as 'big government conservatism' (Norton 2006).

One other result of the Howard approach to social policy deserves mention. Conservatives are often thought to favour non-profit or non-government organisations (NGOs) because they express a communitarian spirit of self-help or, more paternalistically, a charitable impulse. The Howard government certainly drew on these themes, with its rhetoric of a 'unique social coalition approach' (cited in Phillips 2007, p. 33), in engaging these organisations in service provision. Yet in reality, the Coalition government's relationship with NGOs was more complex. On one hand, many non-profit organisations gained large income streams from providing publicly funded services, in job placement, homelessness, family relationship counselling and other areas. On the other, in addition to the increasingly detailed control exercised through contracting that began under the ALP, the Coalition government was hostile to the advocacy role taken by some NGOs, which it also sought to neutralise or control. Early in its period in office, the government simply stopped federal funding to several advocacy NGOs in the social welfare and environmental fields (Phillips 2006, p. 60), and contracts with providers often included 'gag clauses' which sought to prevent those receiving federal funds from criticising the government (Franklin & Lunn 2008).¹⁸ Over time the Howard government

1 The politics of market encroachment

established a group of favoured – or perhaps captured – organisations, many of them with a religious auspice (Phillips 2007). Meanwhile, the rhetoric of ‘coalition’ notwithstanding, the non-profit sector was damaged, with its capacity to act with an associational logic undermined by competition with other organisations (both non-profit and for-profit), and by the highly instrumental nature of the contracting process (Wright, Marston & McDonald 2011).

No turning back? Federal Labor and social services 2007–13

Labor’s election in 2007 marked a return to the revival of social democratic goals, although these were still pursued with market-inflected strategies, as we shall show. ALP governments under Rudd (2007–10, 2013) and Gillard (2010–13) attempted major expansionary reforms of health care, education, disability support and aged care. One challenge for Labor in power was opposition from entrenched private interests consolidated by Howard-era policies. Another was the federal structure of governance in Australia, which became increasingly difficult to navigate as more states came to have Liberal or Coalition governments over Labor’s time in federal government. Yet another was that Labor’s ambitious reform agenda was dogged by the perennial problem of Australia’s ‘low tax social democracy’ (Wilson 2013), which left the ALP without the resources required to fully realise its reform goals.

But Labor had also been challenged in realising its social democratic goals by its own ideology, which has pulled it back towards market-oriented policies and away from developing more collective responses to social risks. A 2008 speech by the then Deputy Prime Minister and Minister of Education, Employment and Workplace Relations,¹⁹ and later Prime Minister, Julia Gillard gives a sense of Labor’s approach. Ms Gillard spoke about ‘the new politics of the progressive centre’:

18 The Howard government also put forward a Charities Bill in 2003, which sought to redefine the purpose of organisations with tax exemptions to exclude those with political or advocacy purposes. The bill was not passed and was withdrawn (Wright et al. 2011, p. 311).

19 Revealingly, Ms Gillard said she ‘would be happy to be described as “the Minister for Productivity”’ following her swearing in to this ‘very broad suite of portfolios’ (Gillard 2008).

The next generation of reform challenges are all about how the power of the market interacts with the surrounding framework of institutions and the actions of individuals themselves. That means we are focusing on the fundamentals of *market design* ... How can we develop markets which interact productively with strong public institutions and empower users to participate successfully in them? (Gillard 2008)

Ms Gillard criticised the Howard government's 'version of being pro-market' for having little regard for the overall performance of sectors, including health and education, in which it had simply encouraged the growth of private providers and private consumption. But, she went on:

Rejecting this approach does not mean that we seek to control and direct market activity from within government. Instead, we need to ensure that, in sector after sector, the design of key institutions, the shared investment in knowledge and skills and the approach taken to regulation increase the distinctive strengths, innovative capacity and adaptability of that field. (Gillard 2008)

Kevin Rudd expressed similar 'Third Way' ideas in his lengthy essay on social democracy in 2009, in which he decried 'neoliberalism, and the market fundamentalism it had produced', but also emphasised 'the creative agency of government' in addressing social inequity and 're-build[ing] confidence in properly regulated markets' (Rudd 2009). A brief overview of Labor policy on child care, schools and health illustrate how the ALP in government enacted this approach, within the political and institutional constraints they faced.

Before the election in 2007 early childhood programs had a prominent place in Labor's campaign, in keeping with the ALP's strong focus on education as a means to social mobility for individuals and prosperity for the nation. In its first budget, Labor increased the non-means-tested tax rebate (CCTR) component of funding from 30 to 50 percent of out-of-pocket expenses, and raised the annual per-child ceiling from \$4,354 to \$7,500. This approach to increasing child care affordability continued the inflationary and market-oriented approach of the Coalition. Shortly after these changes were brought in, the Rudd government was confronted by the collapse of ABC Learning – the corporate, for-

1 The politics of market encroachment

profit provider that had grown to dominate long day care in Australia. The government spent \$100 million (in addition to its ongoing child care funding) to prevent the sudden closure of such a large part of the system (Newberry & Brennan 2013, p. 240).²⁰ Eventually, much of the child care *provision* part of ABC Learning was taken over by a consortium of large, non-profit organisations, underpinned by loans from the government and the NAB – and by capital from self-styled philanthropic private investors, who are now pleased to report that they receive a 12 percent return on their investment in the rebranded ‘Goodstart’ (Gorman 2013). The property in the centre *buildings* remained in the hands of for-profit property trusts, as it had been under ABC Learning (Newberry & Brennan 2013). Once the transfer of ABC Learning centres to Goodstart had taken place, for-profit providers still retained 64 percent of long day care places (Office of Early Childhood Education and Care 2010, p. 6). Overall, then, Labor did not substantially change the market structure, as predominantly for-profit private providers, complex private business models and demand-side funding were left in place.

However, social democratic goals also shaped the ALP’s approach to child care, through policies aimed at increasing quality and accessibility within this ‘market’. During its first term, Labor sought to use regulation to increase staff: child ratios and the qualifications of staff – both measures long resisted by for-profit providers – and to extend the reach of national quality regulation to all forms of child care.²¹ Other measures included the guarantee of a part-time preschool place to all four-year-olds in Australia and the development of a National

20 Newberry and Brennan (2013) give a fascinating account of the ‘opco-propco’ (operational company–property company) structure that enabled the growth, and led to the demise of ABC Learning. This model of separation of operation and property elements of the ‘business’ is still in place.

21 The Keating government had introduced an accreditation system for services seeking access to federal subsidies, as a concession to researchers and non-profit providers concerned about the quality of unregulated child care offered by for-profit providers, which had gained access to public subsidies. During its 2007–13 term, Labor established a new national system (and institution) for oversight of quality of all forms of publicly subsidised child care, including preschool, long day care and out-of-school-hours care: the Australian Children’s Education and Care Quality Authority.

Early Years Learning Framework.²² A later intervention in 2013, the 'Early Years Quality Fund', offered \$300 million over two years to finance wage increases for staff in long day care centres, in recognition of the low pay and related retention problems in the sector. To access the funds, providers were required to make enterprise bargains with staff and United Voice, the relevant union.

In school education, Labor had to deal with the legacy of the Howard government's funding model, which had given substantial new federal funding to private schools that, in turn, made many private schools and many parents reluctant to see a more egalitarian redistribution. During the 2004 election campaign, school funding policy had been strongly contested. The then Labor leader, Mark Latham, promised federal funding to schools on the basis of need, and created a 'hit list' of 67 elite private schools from which a Labor government would withdraw funding, for redirection to poorer schools (Harrison & Hall 2012). Whether or not this declaration of so-called class warfare and expression of the 'politics of envy' was decisive in the 2004 election outcome (Harrison & Hall 2012; see Browne 2012), Labor was very cautious during the 2007 campaign, promising to preserve the Howard government's arrangements for four years, and to conduct a review of school funding. This review, chaired by David Gonski, was not commissioned until April 2010 – nearly two and a half years after Labor had been elected – and during the election campaign later that year, Labor again promised to extend the existing inequitable arrangements (Harrison & Hall 2012). The committee finally delivered its report to the government in December 2011, and the report, which recommended sweeping changes to redress the significant inequalities it had identified (Gonski 2011), was publicly released in February 2012.

Now constrained by its own promise to bring the budget into surplus, the ALP baulked at implementing 'Gonski'. On releasing the report, the government re-emphasised the importance of education to Australia's economic future. But rather than taking the opportunity provided by an authoritative report – and, likely, the support of the majority of the public (Browne 2012) – to act, it announced a yet further round of consultation, and even proposed to look into whether philan-

22 See Australian Institute of Health and Welfare (2009, p. 22) for a complete list of Labor's first term initiatives in this area.

thropic funding might be a possible 'alternative funding stream' (Hall 2012).

The Australian Education Bill was introduced into parliament in late November 2012, for implementation in 2014. In April 2013, the government announced cuts of over \$2 billion in university funding, to release resources for schools. At the time of the federal election in September 2013, plans for implementation were underway but incomplete, and a protracted process of haggling with the state and territory governments, several of which were now in Coalition hands, was not completed. In implementing the Gonski reforms, the federal ALP government sought to tie the states to increasing their own funding to schools as a condition of receiving increased funds, among a range of other measures included in a National Plan for School Improvement (Harrington 2013). Thus it appears that Prime Minister Gillard was hampered by political and fiscal problems in achieving her goals of developing 'markets that interact productively with strong public institutions' and of redesigning 'key institutions' in the area of education.

Just as the Coalition's private school funding seemed politically difficult for Labor to reform, so too did the private health insurance rebate. The rebate 'largely directed subsidies to those on higher incomes who are more likely to take out PHI, and to private insurance companies, private hospitals and medical specialists' (Segal 2004, p. 3; see also Collyer et al., this volume), all of which have an interest in its continuation.²³ The benefits to these diverse recipients are handsome indeed: the rebate amounted to \$4.67 billion in revenue forgone in 2011–12, the most recent year for which data are available (see Table 1.4). The ALP had opposed the introduction of the rebate: during the debate on its introduction, Jenny Macklin (1998) called it 'the worst example of public policy ever seen in this parliament'. However, once it had been introduced, Labor did not take what it saw as the electoral risk of opposing it, and Kevin Rudd promised to retain during the 2007 election campaign.

23 Further, the rebate did not create a corresponding decline in demand for public services, because people with private insurance retain full access to Medicare, and around a quarter continue to present at public hospitals as public patients (Seah, Cheong & Anstey 2013, pp. 1–2).

Markets, Rights and Power in Australian Social Policy

Table 1.4: Tax expenditures for social purposes, Australia, 2000–12 (\$m)

	Superannuation	Private health insurance	Housing	Child care
2000–01	9,920	2,031	13,000	
2001–02	11,140	2,118	13,000	
2002–03	10,100	2,250	–	
2003–04	13,833	2,387	14,000	
2004–05	17,288	2,645	37,000	
2005–06	23,305	2,883	39,500	
2006–07	30,379	3,073	39,500	
2007–08	38,940	3,587	40,500	75
2008–09	33,117	3,643	29,500	1,122
2009–10	25,413	4,262	43,500	1,072
2010–11	27,226	4,000	35,500	1,562
2011–12	30,262	4,671	31,000	1,887
2000–12 (total)	270,923	37,550	336,000	5,718

Source: Treasury tax expenditure statements, various years.

The need to find savings in the context of the GFC provided a political opportunity for reform after Labor came to office, and the Fairer Private Health Insurance Incentives Bill, was introduced in 2009. Labor did not directly challenge the private health system with this bill: Minister of Health, Nicola Roxon, avowed in her second reading speech that ‘the government supports a mixed model of balanced private and public health services’, and justified the changes as increasing the fairness and sustainability of public subsidies to the private sector (Roxon 2009, p. 4435). The Coalition opposed the bill in the Senate, so it failed to pass on two occasions (Biggs 2011, p. 5) and an amended version was enacted in 2011, taking effect on 1 July 2012. Labor’s reform removed one incentive for higher income earners to take out private insurance

1 The politics of market encroachment

by means testing the rebate, but increased the other, by raising the Medicare surcharge.

Public hospitals were also a politically charged issue at the 2007 election, and Kevin Rudd promised major reform, foreshadowing a 'federal takeover' of hospitals. A lengthy review and consultation process resulted in a National Health Reform Agreement in 2011 (COAG 2011). Through this agreement, Labor aimed to steer state governments by promising significant resource increases in return for cooperation with new national institutions which would set a 'national efficient price' for diagnosis-related activities in hospitals and monitor hospital performance. This agreement continues the corporatisation of the public sector, with its purchaser-provider split, benchmarking and mix of decentralised budgets and centralised regulation – while also conforming to Rudd and Gillard's model of government steering by regulation and market design.

We conclude this brief review of some of Labor's social service reforms by noting that the ALP in government sought to redefine and develop the relationship between the federal government and the non-profit sector, following Howard government policy that had sought to contain criticism and to control closely organisations under contract to provide services. Early in its first term, Labor announced that it would remove 'gag clauses' from federal government contracts, and promote a more open policy debate with the non-profit sector (Franklin & Lunn 2008). In 2009, it commissioned the Productivity Commission to look into the contribution of the non-profit sector, and a lengthy report was published in 2010. In the following years, a set of new institutions was established, including a National Compact between the federal government and the non-profit sector in 2010, the Office for the Non-Profit Sector in the Department of Prime Minister and Cabinet in 2011, and the Australian Charities and Not-for-Profits Commission in 2012. These institutions were designed to develop and support collaboration between the government and non-government organisations (NGO) (the Compact and Office) and to independently regulate non-profits (the Commission). As researcher John Butcher has put it, whether these efforts succeed in 'putting the genie' of the contracting state 'back in the bottle' remains to be seen, given 'the path-dependent legacies of two decades of microeconomic reform' (2011, p. 50).

The ALP's major social policy reforms confronted entrenched interests, which it mostly failed to challenge head on. The major reforms also had long implementation lead times, with the bulk of federal funding growth held over for several years from the time of the policy announcement.²⁴ This has left these reforms very vulnerable, following the election of a Coalition government in September 2013.

The Abbott government

As noted above, long lead times on implementation of many of Labor's social policy measures made them vulnerable to retrenchment before they were established. Evidence from the first 18 months of the Abbott Coalition government (2013–) suggests that it will prevent many Labor social policies from being fully implemented. The Coalition has justified many policy retrenchments with claims that Labor left the nation's finances in a poor state. Another rationale the Coalition invokes is the need to remove unnecessary regulation imposed by an interfering ALP government.

Far-reaching and more systematic marketising reform in social services has been foreshadowed by the Abbott government under the rubric of competition policy. In December 2013, the government announced a Competition Policy Review, and the draft report was released in September 2014. The report's preoccupations and modes of reasoning reflect confidence in market mechanisms and private provision, and suspicion of government regulation as burdensome and distorting. According to the review panel, in the area of 'human services,

24 The hospital reforms begun by the Rudd government and finalised in 2011 when Julia Gillard was prime minister were to be fully implemented between 2014 and 2019, when an extra \$16.4 billion would be spent on public hospitals (Coorey 2011). Only \$11 million was allocated to DisabilityCare Australia in the budget of 2013–14, the fiscal year during which the scheme was announced after a long gestation that included an inquiry by the Productivity Commission. Only in 2016–17, the last year of the forward estimates period, would significant federal funding of \$1.5 billion be allocated (Treasury 2013a, p. 140). The 2013–14 Budget also allocated 'an additional \$9.8 billion over six years to implement a new needs-based funding model for schools, as part of the National Plan for School Improvement', less than \$1 billion of which was to be paid out before July 2015 (Treasury 2013a, p. 120).

‘deepening and extending competition policy ... is a priority reform. Removing barriers to entry can stimulate a diversity of providers, which is a prerequisite for expanding user choice’ (Competition Policy Review 2014, p. 26). The report proposed a virtual encyclopaedia of new public management reforms for ‘social service markets’: separation of funding, regulation and service provision, public-private partnerships, contestable funding and consumer choice (Competition Policy Review 2014, Chapter 10).

In addition to sweeping approaches to market reform such as the Commission of Audit and the Competition Policy Review, the Abbott government has also proposed change in several of the specific fields this chapter has been tracking. In the area of child care, as part of his bid to attract more women voters, Mr Abbott said before the election that one of his first acts in a Coalition government would be to ask the Productivity Commission to explore the costs of subsidising in-home child care by nannies (Peatling 2012). At the time, Labor criticised this proposal to fund the most private of all forms of child care as inequitable and unsustainably expensive, and child care experts expressed concern about how the quality of private, home-based child care could be ensured. Such an inquiry was commissioned in November 2013, with terms of reference honouring Mr Abbott’s promise. In turn, the draft report of the inquiry, released in October 2014, recommended that ‘approved nannies to become an eligible service for which families can receive ECEC assistance’ (Productivity Commission 2014, p. 48).

Meanwhile, on 10 December 2013, the government announced that it would *not* honour the previous ALP government’s contracts with childcare providers to increase childcare workers’ wages, under the \$300 million scheme mentioned above. Two days later, the government announced that it would stop a much larger Labor scheme worth \$1.2 billion to increase wages in aged care, introduced as part of the ALP’s large-scale reform in that area. The motivation is at least partly political: during the election campaign, the Coalition had characterised this scheme as a means to increase union membership, because like the child care scheme, it also required providers to enter into enterprise bargaining agreements to access the funds (Harrison 2013).

In the area of superannuation, the Coalition is also seeking to reduce the power of unions, through proposed changes to the composition of the boards of trustees of non-profit industry superannuation

funds. Currently, the boards of industry superannuation funds include an equal number of representatives of employers and employees, with the latter usually appointed by relevant unions. The Coalition and representatives of for-profit providers position unions as 'special interests' in this role, and changes under consideration would require union nominees to be replaced by 'independent' directors (Tingle & Patten 2013; Treasury 2013b). The Coalition is also seeking to give greater access to for-profit providers to compulsory superannuation contributions made on behalf of workers on awards. Currently, default funds in awards are specified by Fair Work Australia, and in the majority (70 percent) of cases, the default funds are industry superfunds (Productivity Commission 2012, p. 33). The Coalition has opposed this arrangement as an 'anti-competitive closed shop' (Coalition 2013a, p. 8), and for-profit providers have been lobbying for access to this 'market', from which they argue they are currently 'locked out' (Financial Services Council 2012, p. 4). Both the Coalition and for-profit providers propose removing deliberation within Fair Work Australia from the process of designating default funds in awards. Instead, they argue that employers should be able to choose any eligible fund on behalf of employees who do not choose themselves. It is notable that industry superfunds have long demonstrated superior performance, on average, compared to for-profit funds (Productivity Commission 2012, p. 73) and that the Coalition does not frame for-profit providers as a 'special interest' in the superannuation field.

The Coalition has also foreshadowed or attempted other reversals of Labor social policies discussed above. Before the election, the Coalition had promised to reverse the ALP's reforms of the private health insurance rebate 'once fiscal circumstances allow' (Coalition 2013b). At the time of writing, the means test and tax surcharge for private health insurance also remained in place for high-income earners. And although not foreshadowed in its campaign materials, changes to Medicare have also been raised since the Coalition assumed office. In February 2014, the then Health Minister, Peter Dutton, echoing John Howard, called for increasing private contributions to the costs of health care as a strategy for 'modernising and strengthening Medicare', and making it more 'sustainable' (Dutton 2014). This is despite evidence that both total health expenditure and public health expenditure in Australia are comparatively low, which suggests that sustainability

1 The politics of market encroachment

problems are not acute. Expenditure data notwithstanding, out-of-pocket contributions by patients – which the government has sought to increase – are already comparatively high (OECD 2013). After legislative setbacks in 2014 and a retreat on an administrative manoeuvre to introduce copayment in 2015, the future of the Coalition's plans is unclear.

The Coalition also promised to *keep* some major ALP initiatives before it was elected. Mr Abbott and then Shadow Education Minister, Christopher Pyne, promised to honour Labor's school funding policy, calling it a 'unity ticket'. Once in government, however, the Coalition changed its mind on this question – more than once. At the end of November 2013, now Minister for Education, Christopher Pyne, announced that school funding agreements that Labor had come to with several states would be honoured in 2014 only, and a new funding system would be implemented in 2015, modelled on the Howard government's approach. A week later, the government had retracted this proposal, following strong criticism, including from Coalition Ministers of Education in Victoria and NSW (Hurst 2013). The revised position retained the expenditure Labor promised, but Mr Pyne proposed to remove important conditions required in Labor's agreements. One that has definitely been removed is the requirement that states also contribute additional funds, to ensure a net increase in education spending. At the time of writing, the fate of the needs-based formula for distribution of funds, which was at the heart of the Gonski report's recommendations for redressing inequality, was at best uncertain.

The Coalition has been active in the area of government–third sector relations, too. Before the election, it promised to abolish the Charities and Not-For-Profits Commission, established by Labor in 2012. In a speech reiterating the promise in January 2014, the then Minister for Social Services Kevin Andrews argued that the commission 'imposes an unnecessary and ponderous compliance burden on the sector'. Instead, he proposed a US-style 'centre of excellence' to replace 'coercive compliance and regulation' with 'collaborative education, training and development' (Andrews 2014). Like many of the Abbott government's social policy measures, legislation abolishing the commission was not passed by the Senate during 2014.

Problems of marketised social services in Australia

The encroachment of market ideas and practices into Australia's social service system has raised a new set of problems for governments and public.

First, governments have often used market practices to save money, leaving services systematically underfunded. Unmet demand – whether for child care, aged care, high quality schooling, timely medical treatment or genuinely individualised labour market support – is one result; a second is on the supply side, expressed in the low pay, high turnover and often inadequate level of training in the social services workforce.

Second, in several policy areas, notably health, education, child care and aged care, public underfunding combines with choice-coordinated provision to generate significant inequality. Market-derived rationales of increasing choice, diversity and competition in social services justify public subsidies to a wide range of private providers, both non-profit and for-profit, often without appropriate system planning or scrutiny. Moreover, a patchwork approach to services weakens programmatic responses to complex welfare problems. In this kind of mixed economy of social services, people with more resources may opt out of the public sector and purchase private services, which are resourced by a combination of public subsidies and their own funds. This has clearly happened in school education in Australia, for example. The result can be a vicious cycle of public sector decline, as underfunded public services become services for the poor, and a two-tiered system emerges.

Third, there is substantial international evidence that for-profit organisations, especially corporations, provide social services that are, on average, lower quality than those provided by public or non-profit organisations (Meagher & Cortis 2009; Harrington et al. 2012). In child care and residential aged care, where public provision is vestigial at best in Australia, the risk of poor quality services for the poor is more likely to arise in the for-profit sector, where lean service subsidies, weak consumer efficacy and the profit motive are combined. Meanwhile, those with more resources can pay more to escape both public services and poor quality private ones. Here the conflict between the logic of the market and the nature of social services seems most acute.

1 The politics of market encroachment

Fourth, there is the problem of ensuring that services in marketised social service systems are of good quality. As Braithwaite, Makkai and Braithwaite (2007, p. 219) argue in their book about regulating residential aged care, as for-profit provision has displaced non-profit provision in Australia and elsewhere, ‘the density of rules and resources to enforce them has increased’. And as this regulatory apparatus has increased, so have the problems of ritualistic compliance and regulatory capture, as private providers seek to limit the impact of quality controls on their cost structures.

Fifth, the ABC Learning case provides spectacular evidence of the *instability* that can also arise in service systems driven by a mixture of consumer choice, public subsidy and the profit motive. Where the primary interest of corporate entities in marketisation is in gaining access to lucrative government contracts or subsidies and maximising shareholder return, privately provided services can lose the features expected of public services: equal treatment, uncompromised commitment to needs, and stable provision over time.

Sixth, while less spectacular than corporate collapses, reports of fraudulent conduct by private contractors point to another systematic problem in marketised service arrangements. Reports of pervasive fraud by providers of publicly funded employment placement services under the Job Network and its successor, Job Services Australia, have recurred over more than a decade (Besser 2011, 2012; Marris 2001; Morris 2007), and have involved both for-profit and non-profit providers. Problems have also been reported in aged care – an internal departmental audit was reported to have found that one in six claims for a government subsidy for nursing home residents had over-charged (‘Nursing home rorts clawback’ 2012). Likely to be much less prevalent because of the design of the funding system, problems have also been revealed in the child care sector. A report from the Australian Crime Commission noted that ‘There are increasing instances of child care benefit fraud schemes perpetrated by the owners of child care centres by means of lodging fraudulent statements of child care usage to the Family Assistance Office’ (cited in Viellaris 2013).

Seventh, as we noted in Table 1.1, in marketised systems, governments under political pressure can shift responsibility for service failures to private providers. This raises pressing questions of democratic accountability for social provision – the public are repositioned as cus-

tomers and governments as purchasers; meanwhile private providers can simply close their business and move on.

Voters' responses to marketisation: support for a mixed economy of ownership and services with a leading role for government

Our account of asset sales and market encroachment into social services in Australia has focused on the role of political, bureaucratic and corporate elites, and we have mentioned public opinion only in passing. Our focus now turns to how Australian voters have responded. That market encroachment is an elite project does not mean that voters are irrelevant to shaping the course and limits of privatisation in rich democracies.

Voter opinions are only one source of information about public policy institutions and social policy arrangements, but they are an important one. This is because understanding how elite-driven policies are 'institutionalised' involves some consideration of the role of 'political feedback' in policy change. The failures of some attempts at large-scale privatisation – such as Thatcher's efforts with the UK National Health Service – to survive major political and economic tests are important examples of such feedback. In developing countries, utility privatisations (water, gas) have led to powerful conflicts and opposing coalitions that hint at doubts about the future for privatisation, even in rich democracies (see Hall, Lobina & Motte 2005). Recent bank and commercial nationalisations during the Global Financial Crisis are reminders of the endemic risks of a highly privatised economy. By considering what mix of government and private involvement the public prefers we gain a useful picture of what arrangements are widely accepted and where possible tension points between policymakers and the public over privatisation lie.

We begin with public attitudes to ownership of enterprises and institutions and public attitudes to who is best suited to deliver social services. Tables 1.5 and 1.6 present findings from the *Australian Survey of Social Attitudes* in 2003 (Wilson et al. 2004) and 2009 (Evans 2010) about the preferred mix of government/private involvement in major enterprises, institutions and services.

1 The politics of market encroachment

Table 1.5: Preferences for ownership of major enterprises and institutions, 2003, percent

	Public	Mix public and private	Private	Can't choose
Australia Post	67	24	5	3
Prisons	67	19	8	6
Public transport systems in cities	63	28	6	3
The electricity system	60	31	9	6
Telstra	57	31	9	4

Source: *Australian Survey of Social Attitudes* 2003 (n>2,114) Question: Do you think the following enterprises or organisations should be in public ownership, private ownership or a mix of public and private ownership?

As Table 1.5 shows, in 2003, public ownership was preferred by Australians in all five areas surveyed, with support ranging from a low of 57 percent for Telstra to a high of 67 percent for (still government-owned) Australia Post and prisons (in which there is limited private involvement). There was some support (low 30s) for partial private ownership of Telstra and electricity; as discussed earlier, both types of utility had been steadily privatised over the 1990s and 2000s. Still, support for *fully* private ownership remained extremely low in 2003 – less than 10 percent across all five enterprises and institutions.

Table 1.6 gives us a better picture of support for private delivery of social services. Government is the widely preferred provider of education and health services, with nearly nine in 10 voters thinking that governments are best suited to deliver in health services. When we consider social and community services – including care for people with a disability, child care, elder care, and employment and welfare support – a slightly different picture emerges. Governments are considered by small majorities to be best suited to deliver care for older people and people with disabilities. Government leads ‘best suited’ responses by a plurality of respondents for the other two service categories – services

for job-seekers and child care. Community organisations and large charities, which became major institutions under the Howard government's social services and welfare model, are preferred by 44 percent of respondents as the best providers of counselling and welfare support. Business involvement in social services gain greatest recognition in the area of employment services (36 percent) where they have played a major role in service provision since the privatisation of the Commonwealth Employment Service.

All in all, support for non-public involvement in social and community service provision is higher, for several reasons. The first is that many of these services have not traditionally been provided as public services. Rather, as discussed earlier, they have expanded at a time when direct government provision is distinctly out-of-favour among policy-makers. One finding in political and policy science is that stable policy institutions and arrangement will gather natural 'constituencies' (Pierson 1996, p. 147); no doubt the prior evolution of the mixed economy of social service provision has influenced public support. But these areas of provision are also ones that not only invite strong contest between state and market provision, but also conflict between government and family – social norms still sanction care for children, people with disabilities and the elderly within private family settings. None of these observations should discount one other finding that, when views about these five social services are averaged, government still leads as best provider with 45 percent of responses. Only when scores for the community sector and family are combined does the number of respondents preferring non-government delivery arrive at a similar percentage. Given growing business interest and involvement in welfare, it is useful to note that business is clearly the least preferred provider; why this is the case should be the subject of further research.

Support for, and opposition to, privatisation

As we have noted, elite enthusiasm for privatisation has not rubbed off on voters – even when they have had years of experience of privatised services. Existing research (looking at data similar to ours) suggests that opposition to privatisation started to grow in the 1990s and has remained consistent and relatively stable since then (Pusey & Turnbull 2005, pp. 165–6). In this section, we draw on other survey research and

1 The politics of market encroachment

Table 1.6: Preferences for delivery of health, education and social services, 2009, percent

	Governments	Community organisations incl. churches and charities	Businesses	Families and relatives	Can't choose
Health services	87	4	5	1	3
Education	85	7	2	2	4
Care for the disabled	51	24	4	10	6
Care for elderly persons	50	23	4	16	6
Services for job-seekers	47	11	36	1	5
Counselling or welfare support	42	44	5	3	6
Child care	36	20	18	21	6
Average social services (last 5 rows)	45	24	13	21	6

Source: *Australian Survey of Social Attitudes 2009* (n>3,243) Question: In general who do you think is best suited to deliver the following services?

opinion poll data to explore attitudes to privatisation in further detail. We show that recent data further confirm Pusey and Turnbull's findings, and suggest that a 'new constituency' of voters who have adapted to and warmed to privatisation is yet to arrive. Figure 1.1 presents responses to the AuSSA 2009 question 'Privatisation of government services has more benefits than costs'.

Results show that less than 20 percent of respondents support the proposition that the benefits of privatisation outweigh the costs. A ma-

Markets, Rights and Power in Australian Social Policy

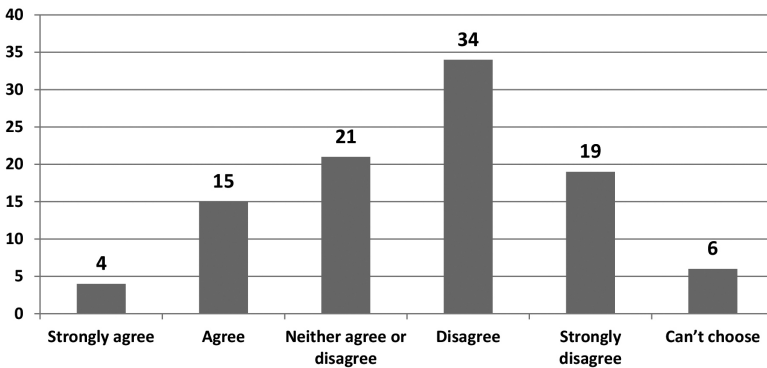


Figure 1.1: Perceptions of the costs and benefits of privatisation, 2009, percent
Source: *Australian Survey of Social Attitudes 2009* (n=3,097) Question: Privatisation of government services has more benefits than costs.

jority (53 percent) view privatisation as having more costs. Around 27 percent of respondents seemed to have mixed or unclear views, not supporting either proposition or not choosing – a relatively high number which we discuss further below. Still, the balance of opinion among those who express a clear view (by agreeing or disagreeing) is clearly opposed to privatisation.

Widespread scepticism about privatisation as a general policy approach persists. In January 2014, a public opinion poll reached very similar findings to the AuSSA survey. In response to the question ‘Generally, do you think that privatisation – that is, having public services owned or run by private companies – is a good or bad idea?’, a majority – 59 percent – thought privatisation a bad idea while only 21 percent thought it a good idea (Essential Research 2014). The remainder did not know.

A poll in February 2015 confirmed this general finding, and gives more clues as to why Australians are sceptical about privatisation (Essential Media Communications 2015, p. 13). The poll clearly shows that voters don’t believe that private ownership will bring lower prices, more competition or better quality services – the main and long-standing claims of proponents of privatisation. And respondents are clear about who they think *does* gain – 70 percent say that the corporate sector

mainly benefits while just 25 percent agree that privatisation helps the economy.

Support for privatisation by social group

Durant and Legge's (2002) study of privatisation views among French voters found that the political and ideological orientations of voters were particularly important. We used data from AuSSA 2009 to see if similar political divides emerge among Australian voters. In addition to the variables included in the French study, we also had a hunch that 'nationalistic' orientations played a role in cleavages over privatisation; that is, that voters wanted big public institutions like utilities to be under *Australian* control, whether public or private. AuSSA 2009 did not include questions measuring nationalist policy stances, so we used the privatisation data in AuSSA 2005 and compared views based on responses to a question seeking views as to whether foreign competition had a bad effect on job security. We considered voters who agreed with this question more likely to be 'economic nationalists'.

Figure 1.2 ranks net support for privatisation for a range of different constituencies available from data included in the *Australian Survey of Social Attitudes 2009*. Net approval was calculated by subtracting total disapproval from total approval so that a negative score represents more disapproval than approval. As is clear from the figure, *none* of the constituencies included had a net *positive* view of privatisation, including a range of groups typically associated with support for free markets (shareowners, Liberal Party identifiers, voters identifying as right of centre). Not surprisingly given the potential for windfall gains, shareowners have the highest net support for privatisation at -20 percent, though still well in negative territory and only narrowly ahead of Liberal Party identifiers (-21 percent). However, much greater opposition was found among 'economic nationalists' (-43 percent), defined as those with negative views of the impact of foreign competition on local jobs, union members (-55 percent) and Australian Greens identifiers (-60 percent). Within the Coalition's base, National Party identifiers had nine percent lower net approval (-30 percent) than Liberal identifiers. Notably, young people, defined as between 18 and 35 years, had slightly less negative views of privatisation than the average voter at -27 percent net approval. Young voters, having grown up in an 'age of pri-

Markets, Rights and Power in Australian Social Policy

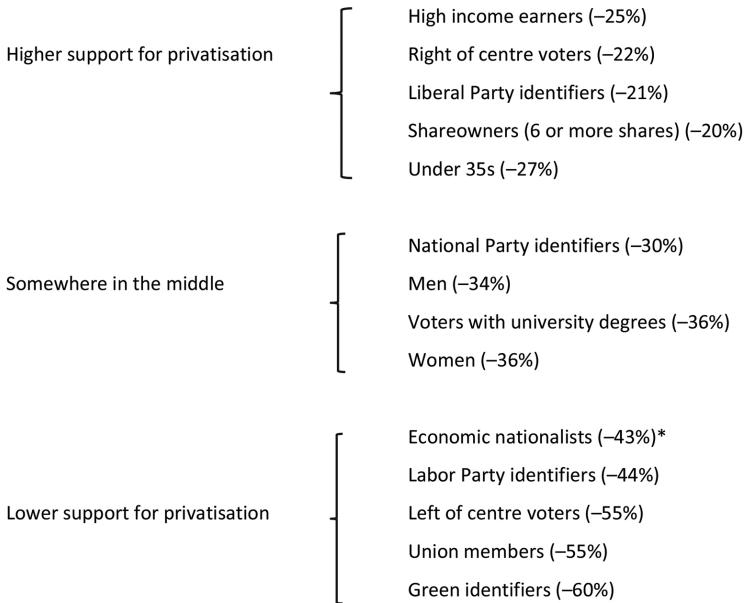


Figure 1.2: Support for privatisation by key constituencies, 2009, net approval, percent. For sources and notes, see appendix at the end of the chapter

vatisation’ may have fewer attachments to public ownership – a trend that, if continued, might herald slowly rising toleration, if not acceptance, of privatised services.

Public responses to specific privatisations

To this point our analysis explores voter attitudes to privatisation at a general level, without gauging views on specific proposals. This general survey of opinion leaves unanswered two further questions – does the *general* unpopularity of privatisation among voters translate into opposition for *specific* decisions to privatise major services? And, how does voter support for privatisation of these services compare to other major economic reforms? The commercial Essential Media online panel survey of 1,017 voters from October 2011 helps with answers. Table 1.7

1 The politics of market encroachment

shows voters' assessments of a range of major economic decisions taken by federal governments in the past few decades. Medicare achieves strong support (net approval is 70 percent) and so does compulsory superannuation for workers (72 percent). Although compulsory private super conceals a form of privatisation in diverting worker funds to financial markets, its ultimate popularity stems from its place as a mandated, universal means of financing retirement incomes. Immediately obvious in Table 1.7 is the unpopularity of the sale of three major public enterprises – Telstra, the Commonwealth Bank and Qantas – which have a combined market capitalisation of approximately \$190 billion (as at February 2014; see Table 1.3 above) or around half of Australia's net public debt. These privatisations, all with net approval percentages below minus 20 percent, rank well below the public's evaluation of other policy decisions, some of which are hardly free of ongoing unpopularity and controversy (the Goods and Services Tax, for example).

Table 1.8 gives more detail about public opinion on these decisions by respondent voting intentions. Confirming evidence from the *Australian Survey of Social Attitudes* presented above, major privatisations register negative net approval from voters from all four main political parties – Labor, Greens, National and Liberal. Liberal voters are not positive towards privatisation in retrospect. Rather, they are the least negative, albeit only marginally when it comes to the Commonwealth Bank and Qantas. National voters again break with Liberals in holding stronger negative assessments of privatisation. On this measure, Labor voters register stronger anti-privatisation views than Greens (though both groups of voters are strongly hostile). By contrast, responses to AuSSA 2009 on the general question suggested Green identifiers are more hostile; it may be that Labor voters become more critical when prompted about *specific* privatisation proposals. The privatisation of Telstra was the most unpopular of the three, attracting even –20 percent net approval from Liberals.

The same Essential Media poll asks respondents whether they support *reversing* these decisions (see Table 1.9). With the exception of boosting trade protection, the re-nationalisation of Telstra, Qantas and Commonwealth Bank are the only other hypothetical policy reversals that gain net approval from voters (between +5 and +14 percent). However, it should be noted that none of these three propositions reaches majority support. Still, we can conclude there is a sizeable constituency

Markets, Rights and Power in Australian Social Policy

Table 1.7: View of impact of major government decisions on Australia in 2011, percent

Policy decision	Good	Bad	Net approval
Compulsory super	79	7	+72
Medicare	76	6	+70
Floating the dollar	46	11	+35
Free trade agreements	41	21	+20
Goods and services tax	39	30	+9
Privatise Qantas	23	44	-21
Privatise the Commonwealth Bank	29	49	-21
Privatise Telstra	21	53	-32

Source: Essential Media (2011). Question (Very good–very bad; 5 points): ‘Thinking about some of the major decisions the federal government has made over recent years, do you think the following decisions have been good for Australia or bad for Australia?’. Net approval, or the balance of opinion, is calculated simply by subtracting the percentage of those who responded that a decision was bad for Australia from the percentage who responded that the decision was good.

Table 1.8: Attitudes to privatisation of major services by voting intentions in 2011, percent (net approval)

Policy decision	Labor	Green	Liberal	National
Privatise Telstra	-48	-33	-20	-36
Privatise Qantas	-40	-26	-5	-14
Privatise Commonwealth Bank	-36	-15	-1	-20

Source: Essential Media 2011, 24 October. Question: See Table 1.7.

in favour of re-nationalisation, perhaps surprising given that two of these privatisations had been concluded by the mid-1990s. The poll also asked respondents about two other hypothetical changes and the results

1 The politics of market encroachment

Table 1.9: Support for reversing major government decisions in 2011, percent

Policy Reversal	Support	Oppose	Difference
Increasing trade protection	59	20	+39
Buying back Telstra	47	33	+14
Buying back Qantas	44	34	+10
Buying back the Commonwealth Bank	41	36	+5
Abolishing the GST	35	43	-8
Regulating the dollar	32	42	-10
Voluntary super	24	64	-40
Privatising Medicare	10	73	-63

Source: Essential Media (2011), 24 October. Question (Strongly support–strongly oppose; 4 points): ‘Would you support or oppose the federal government taking any of the following decisions.’

place responses on re-nationalisation in a wider context. The hypotheticals are privatising Medicare, a major government service, and making superannuation voluntary, which would make it once more a privilege rather than a right. Table 1.9 shows that the privatisation of Medicare would be extremely unpopular (–63 percent) as would be the ‘voluntarisation’ of super (–40 percent).

The future of privatisation of social services

Recent survey and polling evidence suggests that Australians disfavour privatisation by a large margin. This unpopularity has occasionally altered the pace and content of some privatisations; the examples of ensuring majority Australian ownership of entities like Telstra and Qantas,²⁵ as well as the active promotion of participation of small shareholders in the sale of Telstra, are examples of the impact of public opin-

25 In 2014, Prime Minister Abbott indicated that the government was prepared to review the foreign ownership restrictions with which, he said, Qantas had been ‘shackled ... by the Labor Party back in the 1990s’ (Binnie 2014).

ion. Governments have also been punished for unannounced privatisations, particularly Anna Bligh's Labor government which was sent into opposition with just seven out of 89 seats in the March 2012 Queensland state election. And, electoral threats have occasionally caused privatisations to be postponed or abandoned; the retreat from the privatisation of the Snowy River hydroelectricity operations and Medibank Private during the Howard Coalition government are two examples.

What is clear, however, is that privatisations are difficult to reverse once they have happened. As Feigenbaum and Henig remark, privatisation policies 'may engender new groups as well as behaviour, groups endowed with powers that leave them entrenched and sometimes impossible to remove' (1994, p. 208). Moreover, re-nationalisation is not an active feature of the platforms of the social democratic and labour parties anywhere in the rich democracies, although the Clark Labour government (1999–2008) in New Zealand re-nationalised its accident insurance scheme, Air New Zealand and New Zealand's railway system during its period in office. Major (temporary) nationalisations of an assortment of banks, insurers, and car companies in the United Kingdom and the United States, during Gordon Brown's period as Prime Minister and Barack Obama's period as President respectively, were not commitments to public ownership but rather attempts to stabilise market capitalism in the face of the Global Financial Crisis. Public policies are typically shaped by an underlying policy paradigm (Dillon 1976). The present paradigm provides a 'warrant' for private ownership of major assets; contention over the consequences of private ownership has not been sufficiently influential, or sufficiently grounded in organised, countervailing material interests, to tip policy orientations back towards public ownership.

The same paradigm stabilises the drive for greater marketisation of services: the prevailing view is that governments can do more, and be better, by regulating markets for services currently provided by government (see Le Grand 2007; in Australia, Keating 2004). Australia has been a leading 'marketiser' of services, even promoting international emulation in some areas like case management and market-based employment services. Non-government provision of social services has been institutionalised and extended further. Australia's history of a mixed economy of social services means there is an implicitly higher baseline of public support for (or at least, reduced public opposition to)

1 The politics of market encroachment

the development of community and private provision. One of the few studies that touch on this subject gives other reasons for this apparent support. Thompson and Elling (2000) show that, in the case of Michigan voters, privatisation that favours non-profit organisations attracts different constituencies and expectations than privatisation that favours for-profit providers. Moreover, attitudes towards the community sector are more positive than towards for-profit providers. Many on the left as well as the right are attracted to a 'network society' model of provision where localised, non-bureaucratic forms of care and assistance are envisaged.

Conclusion

Early in the chapter, we outlined the internal and external pressures on governments to sell assets and marketise service provision. In this conclusion, Table 1.10 draws together the threads of the two parts of the chapter, setting out the pressures that might draw governments towards marketising social service provision and those which might make marketisation a less attractive approach.

The creation of a successful 'market' of actors and organised interests in social service provision is at the core of stable marketisation processes. When governments can defray costs, do more with less, 'rule' through contracts, and impose standards on social service providers and workers, the market model can be seen to have stabilising features (squares 1 and 2). But the markets for social services *can and will* change: small, community providers can be out-competed by large, for-profit providers. These processes bring out inequalities in provision that upset localised communities reliant on services, who are in turn capable of organising around their interests and raising the visibility of their needs. Where powerful private providers dominate provision, and substantial inequities in access to and quality of services emerge, governments may have an interest in resuming direct provision or imposing additional regulation (squares three and four), especially if contestation of 'market control' becomes more organised and visible, and attaches itself to paradigmatic activity aimed at redefining the value, role and central place of direct public provision.

Markets, Rights and Power in Australian Social Policy

Table 1.10: Competing pressures for greater market/government social service provision

	Internal (politics and bureaucracy)	External (business, consumers, voters, media)
Greater market provision	<ul style="list-style-type: none"> • Reduction of responsibility, especially in difficult service areas • Cost control • Overlapping business and political networks favouring marketisation 	<ul style="list-style-type: none"> • Pre-existing markets for service privatisation / lobbying for resources, contracts • Past successes in market provision • Client pressure for choice and non-profit involvement • Invisibility of the problems of marketisation processes to public scrutiny • Powerful for-profit providers 'capture' government decision-making
Greater government provision	<ul style="list-style-type: none"> • Service / risk management problems • Budget protection by local bureaucratic agencies • Paradigmatic shifts in favour of public provision 	<ul style="list-style-type: none"> • Visible service and market failure • Inequities (and discrimination) in private delivery • Cost increases from private contracts • Organised, visible resistance to private provision in favour of government provision

Australian governments have enabled broad and deep market encroachment into Australian public institutions. This has been a bipartisan project – up to a point. Labor governments have tended more to pragmatic marketisation, while Liberal and Coalition governments have sought more systematically to spread and consolidate market organisations and practices in Australian society. It is clear that, whether bipartisan or not, marketisation is an elite project, and voter opposition to its various policy expressions is widespread and longstanding. How the tensions identified in Table 1.10 – not least those between public and private sector elites on one hand and the public on the other – play out will shape Australian social policy in the coming decades.

Acknowledgments

We thank Dr Adam Stebbing for research assistance for this chapter, and for providing Table 1.4.

Appendix

Sources and notes to Table 1.2.

Federal – Aulich and O’Flynn (2007a, Appendix 1 and 2); State – Reserve Bank of Australia (1997); Walker and Con Walker (2008); various media reports.

(a) The party recorded is generally the party that decided/legislated the privatisation; in some cases the actual sale occurred following a change of government. The notes below record relevant cases and a divergence from this rule.

(b) Process initiated/commitment made by National Governments 1996–98, but carried through by Labor into the 1999–2000 fiscal year.

(c) *Partial* privatisation proposed by ALP Premier Bannon before Labor lost power in 1992 – allocated to the incoming Liberal government which sold the whole bank, since the size of the part Labor proposed for retention is not known.

(d) Process begun under previous ALP premier, Joan Kirner, with the proposed sale of *one* electricity generator in response to financial difficulties.

Source and notes to Figure 1.2.

Australian Survey of Social Attitudes 2009. Question: (Agree–disagree) Privatisation of government services has more benefits than costs. $n=3097$. net approval is calculated by subtracting total disapproval from total approval so that a negative score represents more disapproval than approval. High-income earners are defined as earning \$2,000 or more per week ($n=219$). * *Australian Survey of Social Attitudes* 2005 data. Attitude question in the 2005 survey that was used to define ‘economic nationalists’: ‘Many people today talk about Australia becoming more closely linked to the outside world through trade, immigration and politics. Please tell us how much you agree or disagree with each the following statements: Opening up Australia’s economy to

foreign competition has a bad effect on job security in this country'; 'economic nationalist' respondents coded = Strongly agree + Agree.

References

- Andren, P. 2006, House of Representatives, Official Hansard, No. 7, Parliament of Australia, 30 May, p. 23.
- Andrews, K. 2014, Address to Australian institute of company directors, NFP Directors Lunch, 29 January. <http://kevinandrews.dss.gov.au/speeches/45>
- Aulich, C. & O'Flynn, J. 2007a, 'John Howard: The great privatiser?', *Australian Journal of Political Science*, vol. 42, no. 2, pp. 365–81.
- Aulich, C. & O'Flynn, J. 2007b, 'From public to private: The Australian experience of privatisation', *Asia Pacific Journal of Public Administration*, vol. 29, no. 2, pp. 153–71.
- Australian Government 2006, *Budget overview 2006–07*, 6 May. <http://www.budget.gov.au/2006-07/overview/download/overview.pdf>
- Australian Government 2011, *National compact: Working together*, Office of the Not-for-Profit Sector, Canberra. http://www.mdsi.org.au/pub/National_Compact.pdf
- Australian Institute of Health and Welfare 1997, *Australia's welfare: Services and assistance*, Australian Institute of Health and Welfare, Canberra.
- Australian Institute of Health and Welfare 2009, *Australia's welfare 2009*, Australian Institute of Health and Welfare, Canberra.
- Australian Public Service Commission 2003, *The Australian experience of public sector reform*, APSC, Canberra.
- Besser, L. 2011, 'False claims boost chance of survival in jobs game', *Sydney Morning Herald*, 19 December.
- Besser, L. 2012, 'Employment agency rorts investigated', *Sydney Morning Herald*, 6 February.
- Biggs, A. 2011, Fairer Private Health Insurance Incentives Bill 201, *Bills Digest*, no. 20, 2011–12, Parliamentary Library, Canberra.
- Binnie, K. 2014, 'Qantas Sales Act: Prime Minister Tony Abbott flags lifting airline's foreign ownership rules', *ABC News*, 14 February. <http://tiny.cc/18r1qx>
- Boswell, R. 1996, 'The implications of National Competition Policy', *Australian Journal of Public Administration*, vol. 55, no. 2, pp. 79–82.
- Braithwaite, J., Makkai, T. & Braithwaite, V. A. 2007, *Regulating aged care: Ritualism and the new pyramid*, Edward Elgar Publishing, Cheltenham.
- Brennan, D. 1998, *The politics of Australian child care: Philanthropy, feminism and beyond*, Cambridge University Press, Melbourne.

1 The politics of market encroachment

- Brennan, D. 2007, 'The ABC of child care politics', *Australian Journal of Social Issues*, vol. 44, no. 2, pp. 213–25.
- Browne, P. 2012, 'Latham's list was a hit in the polls', *Inside Story*, 27 August. <http://inside.org.au/lathams-list-was-a-hit-in-the-polls/>
- Buckmaster, L. 2005, Aged Care Amendment (Extra Service) Bill 2005, *Bills Digest*, no. 183, 2004–05, Parliamentary Library, Canberra.
- Burrell, A. & Taylor, P. 2013, 'Assets on the block as WA's AAA lost', *The Australian*, 19 September.
- Butcher, J. R. 2011, 'An Australian compact with the third sector: Challenges and prospects', *Third Sector Review*, vol. 17, no. 1, pp. 35–58.
- Carver, L. 1996, 'Consumers/citizens and the national competition policy', *Australian Journal of Public Administration*, vol. 55, no. 2, pp. 88–93.
- Chan, G. 2013, 'Foreign investment makes explosive entry into election campaign', *The Guardian*, 29 August. <http://www.theguardian.com/world/2013/aug/29/foreign-investment-on-election-agenda>
- Chan, C., Forwood, D., Roper, H. & Sayers, C. 2009, Public infrastructure financing: An international perspective, Productivity Commission Staff Working Paper, March 2009.
- Clune, D. 2012, 'Political chronicles: New South Wales January to June 2012', *Australian Journal of Politics and History*, vol. 58, no. 4, pp. 627–32.
- COAG (Council of Australian Governments) 2011, *National Health Reform Agreement*, 2 August. http://www.federalfinancialrelations.gov.au/content/Content.aspx?doc=related_agreements.htm
- Coalition 2013a, *The Coalition's Policy for Superannuation*, September. <http://www.liberal.org.au/our-policies>
- Coalition 2013b, *Our plan: Real solutions for all Australians – The direction, values and policy priorities of the next Coalition government*. <http://pandora.nla.gov.au/tep/22107>
- Colley, L. K. & Head, B. 2013, 'Changing patterns of privatization: Ideology, economic necessity, or political opportunism', *International Journal of Public Administration*, vol. 36, no. 12, pp. 865–75.
- Commonwealth of Australia 1993, *National Competition Policy*, Report by the Independent Committee of Inquiry (the Hilmer Report), Commonwealth Government Printer, Canberra.
- Competition Policy Review 2014, *Competition Policy Review Issues Paper*, 14 April. <http://tiny.cc/h7r1qx>
- Considine, M. 1988, 'The costs of increased control: Corporate management and Australian community organisations', *Australian Social Work*, vol. 41, no. 3, pp. 17–25.

Markets, Rights and Power in Australian Social Policy

- Considine, M. 2000, 'Selling the unemployed: The performance of bureaucracies, firms and non-profits in the new Australian "market" for unemployment assistance', *Social Policy & Administration*, vol. 34, no. 3, pp. 274–95.
- Considine, M. 2003, 'Governance and competition: The role of non-profit organisations in the delivery of public services', *Australian Journal of Political Science*, vol. 38, no. 1, pp. 63–77.
- Coorey, P. 2011, 'Labor clinches national health deal', *Sydney Morning Herald*, 2 August.
- Coorey, P. 2013, 'Hockey offers states billions to sell off assets', *Australian Financial Review*, 28 November.
- Crouch, C. 2013, 'From markets versus states to corporations versus civil society?', in *Politics in the age of austerity*, eds A. Schafer & W. Streeck, Polity Press, Cambridge, pp. 219–38.
- Crowe, D. 2014, 'Joe Hockey public asset sell-off plan tipped to start race between states', *The Australian*, 20 September.
- Department of Finance 2007, *Annual report 2006–07*, Commonwealth of Australia, Canberra.
- Department of Finance 2008, *Annual report 2007–08*, Commonwealth of Australia, Canberra.
- Department of Infrastructure and Regional Development 2014, 'The Asset Recycling Initiative'. http://investment.infrastructure.gov.au/publications/reports/pdf/factsheets2014/Factsheet_The_Asset_Recycling_Initiative.pdf
- Dillon, G. M. 1976, 'Policy and dramaturgy: A critique of current conceptions of policy making', *Policy and Politics*, vol. 5, no. 1, pp. 47–62.
- Docherty, P. & Easton, S. 2013, 'A note on the pricing of Australian government asset sales', *Australian Journal of Management*, Online early, published 22 October. doi: 10.1177/0312896213503839
- Dossor, R. 2014, 'Infrastructure Growth Package—Asset Recycling Fund', *Budget Review 2014–15 Index*, Canberra, Australian Parliamentary Library http://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/BudgetReview201415/InfrastructureGrowth
- Durant, R. F. & Legge, J. S. 2002, 'Politics, public opinion, and privatization in France: Assessing the calculus of consent for market reforms', *Public Administration Review*, vol. 62, no. 3, pp. 307–23.
- Dutton, P. 2014, Address to CEDA Conference, 19 February. [https://www.health.gov.au/internet/ministers/publishing.nsf/Content/11D2552AD759459CCA257C84007C8C40/\\$File/PD001a.pdf](https://www.health.gov.au/internet/ministers/publishing.nsf/Content/11D2552AD759459CCA257C84007C8C40/$File/PD001a.pdf)
- Elliott, A. 2006, '“The best friend Medicare ever had”? Policy narratives and changes in Coalition health policy', *Health Sociology Review*, vol. 15, no. 2, pp. 132–43.

1 The politics of market encroachment

- Errington, W. & van Onselen, P. 2007, *John Winston Howard*, Melbourne University Publishing, Melbourne.
- Essential Research 2011, Essential Report SPSS data file, 24 October.
- Essential Research 2014, 'Opinion of privatisation', Essential Report, 28 January. <http://essentialvision.com.au/opinion-of-privatisation-2>
- Essential Media Communication 2015, 'Privatisation', The Essential Report, 10 February. http://essentialvision.com.au/documents/essential_report_150210.pdf
- Evans, A. 2010, The Australian survey of social attitudes, 2009 [Computer file], Australian Data Archive, The Australian National University, Canberra.
- Fairbrother, P., Paddon, M. & Teicher, J. (eds) 2002, *Privatisation, globalisation and labour*, The Federation Press, Sydney.
- Feigenbaum, H. B. & Henig, J. R. 1994, 'The political underpinnings of privatization: A typology', *World Politics*, vol. 46, no. 2, pp. 185–208.
- Financial Services Council 2012, Submission to the Productivity Commission's Inquiry into default superannuation funds in modern awards. <http://tiny.cc/54t1qx>
- Fine, M. & Chalmers, J. 2000, "'User pays" and other approaches to the funding of long-term care for older people in Australia', *Ageing and Society*, vol. 20, no. 1, pp. 5–32.
- Franklin, M. & Lunn, S. 2008, 'Critics in "climate of fear": Gillard', *The Australian*, 9 January.
- Fraser, M. 1981, Ministerial statement, House of Representatives Hansard, Parliament of Australia, 30 April.
- Gardner, J. 2015, 'Health insurance premiums to surge', *Sydney Morning Herald*, 22 January <http://www.smh.com.au/business/health-insurance-premiums-to-surge-20150121-12v69s.html>
- Gillard, J. 2008, Reforming education and skills: Challenges of the twenty first century, Speech to the City of London Corporation, London, United Kingdom, 30 June. http://pandora.nla.gov.au/pan/80087/20090127-1541/www.deewr.gov.au/Ministers/Gillard/Pages/Article_081103_093120.html
- Goldfinch, S. 1999, 'Remaking Australia's economic policy: Economic policy decision-makers during the Hawke and Keating Labor governments', *Australian Journal of Public Administration*, vol. 58, no. 2, pp. 3–20.
- Gong, N. & Shekhar, C. 2001, 'Underpricing of privatised IPOs: The Australian experience', *Australian Journal of Management*, vol. 26, no. 2, pp. 91–106.
- Gonski, D. (Chair) 2011, *Review of funding for schooling: Final report*, Department of Education, Employment and Workplace Relations, Canberra. <http://pandora.nla.gov.au/tep/132421>
- Goot, M. 1999, 'Public opinion, privatisation and the electoral politics of Telstra', *Australian Journal of Politics and History*, vol. 45, no. 2, pp. 214–38.

Markets, Rights and Power in Australian Social Policy

- Gordon, J. 2012, 'Baillieu flags state asset sales', *The Age*, 23 March.
- Gorman, R. 2013, 'The phone call that saved Australia's childcare sector', ABC Radio National, *Saturday Extra*, 19 November. <http://tiny.cc/w7t1qx>
- Haigh, G. 2007, 'Who's afraid of Macquarie Bank? The story of the millionaire's factory', *The Monthly*, July. <http://www.themonthly.com.au/issue/2007/july/1240964771/gideon-haigh/who-s-afraid-macquarie-bank>
- Hall, B. 2012, 'Surplus before schools as Gonski report decries student disadvantage', *Sydney Morning Herald*, 20 February.
- Hall, D., Lobina, E. & Motte, R. D. L. 2005, 'Public resistance to privatisation in water and energy', *Development in Practice*, vol. 15, nos. 3–4, pp. 286–301.
- Harrington, C., Olney, B., Carrillo, H. & Kang, T. 2012, 'Nurse staffing and deficiencies in the largest for-profit chains and chains owned by private equity companies', *Health Services Research*, vol. 47, no. 1, Part 1, pp. 106–28.
- Harrington, M. 2013, Australian Education Bill 2012, *Bills Digest*, no. 73, 2012–13, Parliamentary Library, Canberra.
- Harris, M. & Lye, J. N. 2001, 'The fiscal consequences of privatisation: Australian evidence on privatisation by public share float', *International Review of Applied Economics*, vol. 15, no. 3, pp. 305–21.
- Harrison, D. & Hall, B. 2012, 'Back to schools: The end of Howard's way?', *Sydney Morning Herald*, 13 February.
- Harrison, D. 2013, 'Government puts stop to aged care pay rise scheme', *Sydney Morning Herald*, 12 December.
- Hartge-Hazelman, B. & Baker, P. 2014, 'Medibank to raise "\$5.7 billion"', *Sydney Morning Herald*, 23 November. <http://www.smh.com.au/business/medibank-to-raise-57-billion-20141123-11s5zy.html>
- Hawke, L. & Wanna, J. 2010, 'Australia after budgetary reform: A lapsed pioneer or decorative architect?', in *The reality of budgetary reform in OECD nations: Trajectories and consequences*, eds J. Wanna, L. Jensen & J. de Vries, Edward Elgar, Cheltenham, pp. 65–90.
- Hawker, G. 2006, 'Ministerial consultants and privatisation: Australian federal government 1985–88', *Australian Journal of Politics and History*, vol. 52, no. 2, pp. 244–60.
- Head, B. 1988, 'The Labor Government and "economic rationalism"', *Australian Quarterly*, vol. 60, no. 4, pp. 466–77.
- Healy, J. 1988, 'Packaging the human services', *Australian Journal of Public Administration*, vol. 47, no. 4, pp. 321–31.
- Hodge, G. & Greve, C. 2010, 'Public-private partnerships: Governance scheme or language game?', *Australian Journal of Public Administration*, vol. 69, no. S1, pp. S8–S22.

1 The politics of market encroachment

- Holmes, J. W. & Wileman, T. A. 1997, *Reform in the Australian Public Service 1983–86*, Office of the Auditor General of Canada. http://www.oag-bvg.gc.ca/internet/English/meth_lp_e_10214.html.
- Hood, C. 2002, 'Public management, new', *International encyclopedia of the social and behavioral sciences*, Elsevier, Oxford.
- Howard, J. 1981, Ministerial Statement, House of Representatives Hansard, Parliament of Australia, 30 April.
- Howard, J. 1998, Transcript of the Prime Minister, the Hon. John Howard MP, address at the close of the Liberal Party national convention, Brisbane, 15 March. <http://pmtranscripts.dpmc.gov.au/browse.php?did=10903>
- Howard, J. 2006, Transcript: Joint Press Conference with the Special Minister of State, the Hon. Gary Nairn MP, Parliament House, Canberra, 2 June. <http://pmtranscripts.dpmc.gov.au/preview.php?did=22308>
- Huffschmid, J. 2008 'Finance as a driver of privatisation', *Transfer: European Review of Labour and Research*, vol. 14, no. 2, pp. 209–36.
- Hurst, D. 2013, 'Coalition's second Gonski U-turn: Labor model to be largely retained', *The Guardian*, Australian Edition, 2 December.
- Industry Commission 1996, *Competitive tendering and contracting by public sector agencies*, Report No. 48, Australian Government Publishing Service, Melbourne.
- Keating, M. 2004, *Who rules? How government retains control of a privatised economy*, The Federation Press, Sydney.
- Kendig, H. & Duckett, S. 2001, *Australian directions in aged care: The generation of policies for generations of older people*, Australian Health Policy Institute Commissioned Paper Series 2001/05, AHPI, University of Sydney.
- Knowles, L. & McClymont, A. 2015, 'New South Wales government sells \$1 billion worth of public assets in the past two years', *ABC News*, 10 February.
- Lavelle, A. 2005, 'Social democrats and neo-liberalism: A case study of the Australian Labor Party', *Political Studies*, vol. 53, no. 4, pp. 753–71.
- Le Grand, J. 2007, *The other invisible hand: Delivering public services through choice and competition*, Princeton University Press, Princeton.
- Liberal Party of Australia 1991, *Fightback! It's your Australia: The way to rebuild and reward Australia*, Presented by John Hewson and Tim Fischer on behalf of the Liberal Party of Australia and the National Party of Australia.
- Ludlow, M. & Wiggan, J. 2014, 'Queensland to sell power network', *Australian Financial Review*, 16 September. http://www.afr.com/p/national/queensland_to_sell_power_network_4oj25koqSkruawUQ3Nb32L
- Macklin, J. 1998, House of Representatives, Hansard, Parliament of Australia, 10 December, p. 1,964.
- Marris, S. 2001, 'Job agency rorts worse than feared', *The Australian*, 25 July.

Markets, Rights and Power in Australian Social Policy

- Martin, R. 2009, *Responsible government in South Australia: Playford to Rann, 1957–2007*, Wakefield Press, Adelaide.
- McAllister, I. & Studlar, D. 1989, 'Popular versus elite views of privatization: The case of Britain', *Journal of Public Policy*, vol. 9, no. 2, pp. 157–78.
- Mead, M. & Withers, G. 2002, '*Privatisation: a review of the Australian experience*', Committee for the Economic Development of Australia, Melbourne.
- Meagher, G. & Cortis, N. 2009, 'The political economy of for-profit paid care: Theory and evidence', in *Paid care in Australia: Politics, profits, practices*, eds D. King & G. Meagher. Sydney University Press, Sydney, pp. 13–42. <http://ses.library.usyd.edu.au/handle/2123/7289>
- Morris, S. 2007, 'Job Network agencies accused of fraud', *Australian Financial Review*, 18 April.
- Naphthine, D. & O'Brien, M. 2013, Transcript of media conference by Premier Denis Naphthine and Treasurer Michael O'Brien, 14 October. <http://tiny.cc/a90zqx>
- National Commission of Audit 1996, Report to the Commonwealth Government, June. <http://www.finance.gov.au/archive/archive-of-publications/ncoa/coaintro.htm>
- Newberry, S. & Brennan, D. 2013, 'The marketisation of early childhood education and care (ECEC) in Australia: A structured response', *Financial Accountability & Management*, vol. 29, no. 3, pp. 227–45.
- Nicholls, S. & Hasham, N. 2015, 'Support falling for Mike Baird's electricity privatisation plan despite \$20 billion infrastructure promise', *Sydney Morning Herald*, 9 February.
- Norton, A. 2006, 'The rise of big government conservatism', *Policy*, vol. 22, no. 4, pp. 15–22.
- 'Nursing home rorts clawback' 2012, *The Australian*, 9 May. <http://tiny.cc/w0h1qx>
- OECD 2013, OECD health statistics 2013 – Frequently requested data, Organisation for Economic Co-operation and Development, Paris. <http://www.oecd.org/els/health-systems/health-at-a-glance.htm>
- Office of Early Childhood Education and Care 2010, *State of child care in Australia*, Department of Employment, Education and Training, Canberra.
- Peatling, S. 2012, 'Now for Abbott's nanny state', *Sydney Morning Herald*, 25 March.
- Phillips, R. 2006, 'The role of nonprofit advocacy organizations in Australian democracy and policy governance', *Voluntas*, vol. 17, no. 1, pp. 27–48.
- Phillips, R. 2007, 'Tamed or trained? The co-option and capture of "favoured" NGOs', *Third Sector Review*, vol. 13, no. 2, pp. 27–48.
- Pierson, P. 1996, 'The new politics of the welfare state', *World Politics*, vol. 48, no. 2, pp. 143–79.
- Pierson, P. 2001, *The new politics of the welfare state*, Oxford University Press, Oxford.

1 The politics of market encroachment

- Pittard, M. 2007, 'Outsourcing and new employer entities: Challenges to traditional public sector employment', in *Public sector employment in the twenty-first century*, eds M. Pittard & P. Weeks, ANU E-Press, Canberra, pp. 189–228.
- Productivity Commission 2012, *Default superannuation funds in modern awards*, Inquiry report no. 60, Productivity Commission, Canberra.
- Productivity Commission 2014, *Childcare and early childhood learning: draft report*, Canberra, Productivity Commission. <http://www.pc.gov.au/inquiries/completed/childcare/draft/childcare-draft.pdf>
- Pusey, M. 1991, *Economic rationalism in Canberra: A nation-building state changes its mind*, Cambridge University Press, Melbourne.
- Pusey, M. & Turnbull, N. 2005, 'Have Australians embraced economic reform?', in *Australian Social Attitudes*, eds S. Wilson, G. Meagher, R. Gibson, D. Denmark & M. Western, UNSW Press, Sydney, pp. 161–81.
- Queensland Commission of Audit 2013, *Final report*, Queensland Government, Brisbane. <http://www.commissionofaudit.qld.gov.au/reports/final-report.php>
- Quiggin, J. 2012, 'Asset sales, their part in Labor's downfall', *The Drum Opinion*, Australian Broadcasting Corporation. <http://www.abc.net.au/unleashed/3913872.html>
- Reserve Bank of Australia 1997, 'Privatisation in Australia', *Reserve Bank of Australia Bulletin*, December, pp. 7–16.
- Robinson, M. 1994, 'The financial management strategy of the Victorian coalition government', *Australian Journal of Public Administration*, vol. 53, no. 2, pp. 232–47.
- Roxon, N. 2009, Fairer Private Health Insurance Incentives Bill 2009, Second reading speech, House of Representatives Hansard, Parliament of Australia, 27 May, p. 4435–36.
- Rudd, K. 2009, 'The Global Financial Crisis', *The Monthly*, February.
- Seah, D. E. S, Cheong, T. Z. & Anstey, M. H. R. 2013, 'The hidden cost of private health insurance in Australia', *Australian Health Review*, vol. 37, no. 1, pp. 1–3.
- Segal, L. 2004, 'Why it is time to review the role of private health insurance in Australia', *Australian Health Review*, vol. 27, no. 1, pp. 3–15.
- Smith, A. 2011, 'O'Farrell quashes privatisation jibes', *Sydney Morning Herald*, 8 March.
- Stephens, T. 1987, 'Efficiency expert who wields a scalpel, not an axe', *Sydney Morning Herald*, 15 July, p. 15.
- Stuckler, D., King, L. & McKee, M. 2009, 'Mass privatisation and the post-communist mortality crisis: A cross-national analysis', *The Lancet*, vol. 373, no. 9661, pp. 399–407.
- The Economist* 1990, 'Private hatred', 1 September, p. 32.

Markets, Rights and Power in Australian Social Policy

- Thomas, M. 2007, *A review of developments in the Job Network*, Research paper no. 15, Parliamentary Library, Department of Parliamentary Services, Canberra.
- Thompson, L. & Elling, R. C. 2000, 'Mapping support for privatization in the mass public: The case of Michigan', *Administrative Review*, vol. 60, no. 4, pp. 338–48.
- Tingle, L. & Patten, S. 2013, 'Unions, employer groups may lose control of super boards', *Australian Financial Review*, 28 November.
- Towell, N., Kenny, M. & Smith, B. 2013, 'Razor taken to CSIRO', *Sydney Morning Herald*, 8 November.
- Treasury 2013a, 'Expense measures', *Budget Paper*, No. 2, Department of Treasury, Canberra.
- Treasury 2013b, Better regulation and governance, enhanced transparency and improved competition in superannuation, Discussion Paper, Australian Government, Canberra, 28 November.
- Uren, D. 2012, 'Secret government plan to end big bureaucracy', *The Australian*, 28 August.
- Van Fossen, A. B. 1998, 'One Nation and privatisation: Populist ethnic nationalism, class and international political economy', *Queensland Review*, vol. 5, no. 2, pp. 44–53.
- Viellaris, R. 2013, 'Childcare centre cheats rob taxpayers of more than \$1 million in fraudulent claims', *The Courier-Mail*, June 22.
- Walker, B & Walker, B. 2008, *Privatisation: Sell off or sell out: The Australian experience*, Sydney University Press, Sydney.
- Warren, D. 2008, *Australia's retirement income system: Historical development and effects of recent reform*, Melbourne Institute Working Paper No. 23/08, Melbourne Institute: Melbourne.
- Wilson, L. 2013, 'Commission of Audit to look for more privatisation opportunities', *The Australian*, 27 October.
- Wilson, S. 2013, 'The limits of low-tax social democracy? Welfare, tax and fiscal dilemmas for Labor in government', *Australian Journal of Political Science*, vol. 48, no. 3, pp. 286–306.
- Wilson, S., Gibson, R., Meagher, G., Denemark, D. & Western, M. 2004, Australian survey of social attitudes, 2003 [computer file], Australian Data Archive, The Australian National University, Canberra.
- Wilson, S., Gibson, R., Meagher, G., Denemark, D. & Western, M. 2006, Australian survey of social attitudes, 2005 [computer file], Australian Data Archive, The Australian National University, Canberra.
- Wright, S., Marston, G. & McDonald, C. 2011, 'The role of non-profit organizations in the mixed economy of welfare-to-work in the UK and Australia', *Social Policy & Administration*, vol. 45, no. 3, pp. 299–318.