Introduction: Capturing marketisation in Australian social policy

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Australia has never had a large public social service system like those of the Nordic countries, or even of the United Kingdom. Instead, most social services have been delivered by a range of organisations that has included, but not been dominated by, the public sector. However, the mixed economy of Australian welfare services has not been static. In recent decades, both the *organisational mix* and the *modes of coordination* have changed significantly. Successive governments have expanded publicly funded social provision without expanding the public sector, by directly subsidising private provision, by contracting private agencies to deliver services, and by subsidising consumer purchases from approved private providers using tax expenditures and voucher-like instruments. Policies have been rolled out at different rates and with different instruments across the range of areas of Australian social policy. Yet the direction of change overall is clear – market organisations and market logics are playing an increasing role.

One consequence is that the profile of social service providers has changed. Although non-profit organisations continue to have a leading role in provision, for-profit, often corporate, organisations have grown

considerably and have become an influential constituency in the social policy process. For-profit provision now dominates long day care for children and some forms of residential care for older people, and has a growing presence in other fields, including job placement services and community care. Meanwhile, public sector provision has stagnated, declined or disappeared altogether, depending on the field (see Table 1).

In addition to changing 'provider' arrangements, there has been an evolving role for the 'consumer' in social service systems, as the trend towards 'individualisation' or 'personalisation' of social provision has gathered strength. It has been argued that a new 'hybrid' subject of social policy has been created: the 'citizen-consumer', or the 'citizen as consumer of public services who expects to exercise choice in the provision of public services, just as s/he exercises choice in "consumer society" ' (Clarke et al. 2007, p. 1). This dimension of marketisation has altered relationships between citizens and the state, and between citizens and the organisations and professionals that they interact with in social service systems.

The state may not be the dominant actor in social policy *provision* in Australia, but it remains the dominant *funder* of human and social services. Thus, private organisations receive billions in public funds to deliver social services to citizens or to provide for social needs. The result is a service system with complex combinations of individual and collective financing, private and public provision, and public, market and associational rationalities. This raises important questions about how financial flows from the public to the private sector, within the private sector, and to and from citizens, are organised and monitored. Given that the key purposes of social policy are to reduce inequality and poverty (Goodin et al. 1999, pp. 26–27; Korpi & Palme 1998, p. 661), it remains necessary to trace 'who benefits?' from Australian social policy (Bryson 1992; Marston & McDonald 2013), even in the context of this complexity. Beyond questions about the distribution and redistribution of resources, marketisation in Australian social policy also raises questions about the distribution of social advantage and disadvantage (that is, 'who suffers?'), and about the democratic steering of social policy (that is, 'who decides?'). This book aims to capture some of the complexity of marketisation in Australian social policy, and thereby contribute some answers to these questions.

Marketisation: a multifaceted lens

Looking at Australian social policy through the lens of marketisation involves marking out and marking off territory for analysis. A threshold decision is the choice of term – privatisation is an alternative, and has been broadly defined and used in ways which make it more or less synonymous with marketisation.[1] However, despite its encompassing meaning-in-use, the word privatisation suggests a one-way movement from public to private, while marketisation suggests a more comprehensive process that takes in the importation of characteristically private sector ways of doing things into the public sector. In fact, contributors to this volume use both terms, and we have not enforced a single definition.

Marking out our analytical territory is a complex endeavour, for a range of reasons. One is that the concept of marketisation is itself somewhat protean. This is partly because the concept attempts to capture sweeping social transformations, and so is very abstract, and partly because the concept has been framed and mobilised in diverse ways across the social sciences, in which each discipline has its characteristic starting points, objects, methods and questions. Even if there is some agreement that marketisation is about ideologies, politics and policies, how these are related is much more contested. Another challenge is that any attempt at synoptic analysis of this complex process confronts the divergent trajectories of change across time and policy domains: market reforms have been introduced at different times and have unfolded at different rates in different policy domains, so that the nature and pace of change varies between them. This means that general statements about the 'extent' of marketisation overall are difficult, if not impossible, to make. Yet another is that if we focus on market-making policies, we find a range of different instruments and rationales that do not form a cohesive whole. Enhancing consumer choice, for example, does not always result in efficiencies and cost-savings, the other common goals of marketising reform. In other words, in practice, marketisation is not one thing. Nor is marketisation a project solely of right-wing parties and governments – both right and left have undertaken marketising re-

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1 'Liberalisation' is yet another widely used term, which to us seems even more encompassing, not to say diffuse.

forms, although they tend to use different rationales and instruments consistent with the divergence in their natural constituencies (Gingrich 2011; Zehavi 2012). Related, some forms of marketisation appear to enhance rights, while others seem to reduce them. Actually, rather than some measures being rights-enhancing and others rights-reducing, it is more likely that different measures create different arrays of gains and losses, and of winners and losers in an uneven mosaic. The diversity of effects is also complicated by the subjective corollaries of marketisation; positioning people as customers instead of citizens or clients or patients not only changes their relationships with service organisations and professionals, but also their experiences and assessments of social services.

In short, the diversity of practices, rationales, trajectories, actors and impacts makes it difficult to establish marketisation definitively as a phenomenon which can be tied to a specific set of principles, strategies and effects that apply uniformly across the field of Australian social policy. Nevertheless, we – researchers and citizens alike – apprehend that profound shifts have occurred and are occurring. Thus, complexities notwithstanding, the contributions to the book document the various elements in their current form, and hold them both still and together to reflect on them as though they *are* a phenomenon.

So how *have* we marked our analytical territory? In relation to marketisation, we include any and all of those processes through which policymakers shift ownership, provision, financing, and/or regulation of an asset or activity from the public to the private (for-profit or non-profit) sector (Aulich & O'Flynn 2007). We also include those processes through which rationalities and practices from the private sector are brought into the internal operation of public sector organisations themselves. Often called the 'new public management' (NPM), these processes have sought to introduce 'market discipline' into how public sector organisations run themselves, and into their modes of coordinating their relationships with the external organisations they increasingly fund and regulate to provide services (Diefenbach 2009; Pierre 1995).[2] Marketising measures include output-based funding,

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2   Note that Aulich and O'Flynn (2007) call these processes 'privatisation'; Diefenbach (2009) uses the term 'New Public Management', and Pierre (1995) uses the term 'marketisation'.

contracting out, competitive tendering, asset sales, voucher systems, public–private partnerships and user pays.[3]

But a list of measures does not quite communicate the character of marketising change, which, as noted above, has altered the profile of organisations that provide social services, and the ways they relate to each other, to the state and to service users. Developments such as the growth of a for-profit private sector and the use of competition to organise social markets are changing the array of *institutional logics* that are organising the field of social policy in Australia. Here we take insights from the sociology of institutions, which theorises society as 'an inter-institutional system of societal sectors in which each sector represents a different set of expectations for social relations and human and organizational behavior' (Thornton & Ocasio 2008, p. 104). Thornton and colleagues (2012, p. 73) identify the following 'institutional orders' or 'sectors': family, community, religion, state, market, profession and corporation. In ideal type, each sector has distinctive sources of legitimacy and authority and a distinctive basis of norms (among other elements). Although all sectors are relevant, to some degree, in the field of social services, community, state and market are most important for this book. According to Thornton and colleagues (2012, p. 73), the institutional logic of the community – what we also call an associational logic in the book – has trust and reciprocity as its sources of legitimacy, commitment to community values as its source of authority and group membership as the basis of its norms. The institutional logic of the state has democratic participation as its source of legitimacy, bureaucratic domination as its source of authority, and citizenship as the basis of its norms. In the market sector, the source of legitimacy is share price, the source of authority is shareholder activism and the source of norms is self-interest. Importantly, given our focus on marketisation, competition as a strategy is also a defining feature of a market logic (Thornton et al. 2012, p. 100).

These ideas offer further means of capturing marketisation: it is a process through which the institutional logic of the market is crowding out the associational logic within (and carried by) non-profit organisa-

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3   Not all are considered in detail in the book. See Whitfield (2006) for a comprehensive typology and Mudge (2008) for an analysis situating these developments under the umbrella of neoliberalism.

tions and the bureaucratic and democratic logics within (and carried by) the state. According to some organisational theorists and policy analysts, public and private organisations are becoming less distinctive as they 'hybridise' in mixed economies undergoing market reforms (Clarke 2004; Evers 2005; but see also Andersen & Sand 2011). It is true that 'structural overlap' (Thornton & Ocasio 2008, p. 116) between public and private organisations is increasing, as they are forced into association by marketising reform, and that we would expect their new relationships to change the institutional logics guiding both. However, it does not seem true that 'publicness' no longer has meaning, or that private corporations and non-profit organisations have (iso)morphed into copies of one another. Thus, the categories of public, for-profit and non-profit are critical in organising analysis in the book, even as their limitations are explored and discussed.

Since the book is about social policy, we also comment briefly on how we have marked out this terrain, and point out that contributors have addressed more traditional and less traditional policy domains. Most deal with social *services* rather than *income support*, because income support policies for people of working age have been transformed by related rationales but with quite different measures to those that are the primary focus here. The volume includes studies of community aged care, housing, superannuation and health care but also of schooling, banking and immigration skills assessment. Further, the way contributors have engaged marketisation in Australian social policy is necessarily historical, contextual and empirical. In that sense, the book extends earlier work by Australian researchers (Carney & Ramia 2002; Considine 2001; Healy 1998; King & Meagher 2009; Muetzelfeldt & Briskman 2003; Pusey 1991; Rees et al. 1993; Smyth & Cass 1998)[4] and joins several more recent international volumes that have grappled with market-making and the relationship between public and private in all their diverse expressions in the social policy sphere (see, for example, Ascoli & Ranci 2002; Bevir & Trentmann 2007; Béland & Gran 2008;

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4   These monographs and edited collections are joined by an extensive body of research reports and journal articles much too large to catalogue here – many such contributions are cited in the following chapters of this volume. There is also important research about privatisation and corporatisation of infrastructure and utilities that we do not catalogue here, some of which is cited in Chapter 1.

Dwivedi et al. 2013; Gingrich 2011; Meagher & Szebehely 2013; Morgan & Campbell 2011; Newman & Clarke 2009). Finally, because, as we have argued, marketisation is a complex process, the contributors have examined different dimensions, from the political, organisational and distributional to the historical, cultural and legal.

The first chapter, 'The politics of market encroachment: policymaker rationales and voter responses to privatisation' by Gabrielle Meagher and Shaun Wilson, examines the policies and politics of marketisation in Australia, from the perspectives of policymakers and voters. The chapter begins by pointing out that while asset sales are highly visible as 'privatisation', the marketisation of social services is much less visible, but no less important, for understanding change in Australian institutions. The authors survey market encroachment into Australian society over the last 25 years, with the aim of understanding the pressures on governments and the policy choices they have made in enacting market reforms. One thing research has clearly established is that asset sales have not been popular with the public, and were certainly not demanded by them. The chapter presents recent data to show that the sales of Telstra, Qantas and the Commonwealth Bank are the most unpopular of the major economic reforms of the last three decades, including the introduction of the GST and floating of the dollar. Meanwhile support for either public or non-profit provision of social services remains overwhelming, which suggests a similar pattern of divergence between the preferences of policy and business elites and the preferences of the public when it comes to the involvement of for-profit organisations.

The divergence between elite and public policy preferences on market reform is partially reconciled at the ballot box through votes on broader economic questions of taxation and redistribution. Australia's majoritarian electoral system, which tends to push the middle class to the right,[5] has left the Labor Party with a persistent challenge of rais-

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5   Here we draw on Torben Iversen's and David Soskice's (2006) explanation of the relationship between electoral institutions (majoritarian versus proportional representation) and the extent of redistribution (lower versus higher, respectively). They hypothesise that in majoritarian electoral systems (such as Australia's) '[m]iddle-class voters will not like a right-wing government, but they have less to fear from it [than from a left wing government], because if it lowers taxes and

ing revenue for social purposes (Wilson 2013). One response to this challenge has been for Labor to resort to market reform – a preferred strategy by the conservative parties – as a means to build up service provision. The result is a rough consensus on this direction, if not on the distance to be travelled, among policymakers of both parties.

As governments have relied on market measures to grow social service provision, they have profoundly changed the way they engage non-profit organisations, and these organisations have themselves been profoundly changed as a consequence. Thus, in a necessary complement to the analysis of for-profit organisations that also threads through the volume, Susan Goodwin and Ruth Phillips chart how marketisation has also driven the growth of *non*-profit organisations (NPOs) in their chapter, 'The marketisation of human services and the expansion of the not-for-profit sector'.

Goodwin and Phillips argue that marketisation has not just led to the expansion of the 'non-profit sector' in social services, but has, in important ways, *produced* it from a disparate collection of large and small charities and churches, and mostly small associations with roots in their local community or in social movements. On the one hand, these organisations have been brought into a unified field by the technologies of marketisation (such as competition, contracting out and performance monitoring), in ways that have shaped a collective identity but have also changed their internal operations. On the other hand, these organisations have been drawn more closely into the state itself, as they take its money and implement its policies. The strange consequence – since the state and civil society (within which non-profits are very often positioned) are the institutions most associated with democracy – is that the public logic of democratic participation has been crowded out.

Finance in social markets

Proponents of market reform often argue that it will save money. To many ears this is alluring, since in recent decades, despite growing national incomes (the Global Financial Crisis [GFC] notwithstanding),

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spending below the preferred level, it also allows the middle classes to increase private spending' (2006, p. 170).

debate about the affordability of social policies has been intense. As Hujo and McClanahan (2009, pp. 1–2) put it, 'the current approach to financing social policy is dominated by a microperspective on how to allocate a given amount of resources'. These 'efficiency' arguments 'shift the burden of proof regarding the value of social policy to the expenditures side, and at the same time, assume a glass ceiling for state revenues'. The result is a policy frame that positions social policy systems as, following Paul Pierson,[6] 'trapped in conditions of "permanent austerity" '.

Despite the topicality of the 'unaffordability' of social policies, Morel and Palme point out that how social provision is financed 'remains somewhat of a black box of the welfare state', and that the hidden nature of some financing mechanisms has 'added to the confusion about existing policy alternatives' (2013, p. 401). But, as they continue, these issues are of critical importance: the choice of instrument for financing social provision has an impact not only on the redistributive outcomes of social policy, but also on the political legitimacy of social policy systems. Taking up these issues, contributors to the book examine three different types of financing mechanisms in Australian social policy: a now entrenched mechanism of financing of retirement income through occupational and fiscal welfare, a new mechanism of financing the 'social benefit bond', and an old financing mechanism, the 'state-owned enterprise'.

In 'The devil's in the detail: The hidden costs of private retirement incomes policy', Adam Stebbing charts the institutionalisation of compulsory occupational superannuation in Australia. Several key themes of market reform are evident in the story of the expansion of superannuation, including extensive public subsidies for private provision, the consolidation of a large and powerful for-profit sector, the individualisation of risks and benefits, and important partisan differences in instrument design, despite an apparently bipartisan overall direction.

Since the early 1990s, policy has shifted from commitment to collective responsibility for income support in old age in the form of the age pension, to encouraging individuals to 'save' for their retirement, primarily through superannuation. Governments rationalised manda-

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6   Hujo and McClanahan cite Paul Pierson's formulation from his *The new politics of the welfare state* (2001).

tory superannuation as required by the costs of population ageing and the need to increase national savings. Stebbing unpacks this simplistic understanding of what compulsory occupational superannuation is, how it works and who benefits most from it. First, unlike the age pension, accessed as *social welfare* by older citizens who meet the means test, superannuation in Australia is a form of *occupational welfare*, the benefits of which accrue to individuals on the basis of their employment, paid for by their employer (and perhaps by themselves). A second, and less visible, aspect of superannuation is that it is also arranged as a form of *fiscal welfare:* that is, through generous tax concessions, social provision is made for beneficiaries via the taxation system. When the occupational and fiscal welfare elements of superannuation are taken into account, the inequitable consequences of privatising retirement incomes become very stark. People on low incomes – the majority of whom are women who work part-time, often for decades and often in low-paid jobs – face living on a residual universal payment in their old age. Meanwhile, those with the highest incomes – those in lifetime, full-time, well-paid employment, and so mostly men – receive the highest benefits, not just from their occupational superannuation, but also from regressive tax expenditures, which amounted to $30.2 billion in revenue forgone from the public purse in 2011–12. To put this figure into perspective, it is almost two-thirds as much as total Commonwealth expenditure on support for older people, including both the age pension and aged care services.[7] Stebbing argues that superannuation tax reform is required to address these anomalies.

As Stebbing notes, one of the processes driving reform of retirement incomes around the world is 'financialisation', through which financial calculation and financial institutions increasingly dominate the economy and the social world. Individual superannuation accounts and superannuation choice are just a couple of ways that every person who takes a job in Australia is exposed to financial risks and obliged to engage in their calculation (Bryan 2010). In 'Social benefit bonds: Financial markets inside the state', Dick Bryan and Angela Mitropoulos

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7   According to the 2012–13 Budget, the Commonwealth spent $48.7 billion on assistance to the aged in the fiscal year 2011–12 (Treasury 2012, table 9.1). Figures (and their source) on tax expenditures on superannuation and other social purposes are reported in Meagher and Wilson, this volume.

explore how financialisation is changing how policymakers think about funding social services, and opening even more opportunities for profit-making from social activities.

Bryan and Mitropoulos introduce a very recent innovation in Australian social policy: a financing mechanism called the social benefit bond (SBB). These instruments bring the logic – and resources – of the (financial) market into social provision, by enabling private sector actors to finance public service provision, on the basis that their 'investments' will result in a private financial return. In what the authors say are 'essentially social experiments', the role of the state in providing for social needs is dramatically re-cast. Under the pervasive account of social welfare as 'unaffordable', the welfare state is represented as unable to find or to raise enough funds to meet social needs – even those as serious or important as prisoner rehabilitation or alternative care for abused and neglected children, the service areas in which SBBs have been developed. In this context, a discourse of 'alternative financing mechanisms' has arisen to support a shift away from the conventional tax-spend funding in social policy. These alternatives have been pounced upon by non-profit (non-state) social service organisations, which were drawn into provision of publicly financed social services partly as a cost-saving measure and are themselves caught in the 'unaffordability' frame.[8] Indeed, it is highly unlikely that SBBs would have emerged if activities such as foster care had remained in the public sector. Through instruments such as SBBs, collective endeavours within a public logic, through which social needs were met from contributions from the community as a whole via taxation, are re-cast as private opportunities for businesses to make money out of (solving) social problems, with a veneer of philanthropy.

For all their novelty, SBBs are not the first or only way that the state and the financial markets have been institutionally entwined. Leanne

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8   A colourful but anecdotal example illustrates this point. The marketing pitch for a conference called 'Social finance: progressing impact investing in Australia', put together by a for-profit conference organising company in mid-March 2014 was: 'Are you a Not-for-Profit organisation struggling for funding? Unfortunately, for most Not-for-Profits, the answer to that question is a resounding "yes". The simple fact is, there isn't enough money coming from government (or corporate or philanthropic organisations) to tackle the social challenges we face. The good news is there is a way to access more funding. It's called Social Finance'.

Cutcher and Johann Loibl's chapter, ' "Which bank?" Competition and community service obligations in the retail banking sector', draws attention to the role the state has long had as a market player. Their narrative of the privatisation of banking in Australia also tells of the loss of a collective logic in the wake of financialisation, and but also of the possibilities and fragilities of structural overlap in institutional orders.

Australia has a strong tradition of state-owned enterprises, and in banking they have had a range of purposes. In the colonies of 19th-century Australia, state-owned banks were a bulwark against the perceived avarice and incompetence of private banks and early after Federation, the Commonwealth Bank of Australia (CBA) was established with a similar rationale. Cutcher and Loibl show the *social effects* of publicly owned financial institutions, which are distinctive because they are impelled (by virtue of being public) to operate under two institutional logics: the market logic of competition and the community logic of ensuring equitable access to financial services. The privatisation of the CBA – also justified as increasing competition – resulted in a loss of community logic in banking, under which the CBA served the whole community, rather than individual persons or individual companies. The now private Commonwealth Bank is today part of a highly concentrated banking sector, dominated by four large private banks. Swept along by the process of financialisation, consumers face a bewildering array of financial 'products', offered by fewer organisations, from which they are expected to choose with risk-calculating foresight. However, a set of small financial institutions that continue to balance community and market logics persists, in the form of non-profit financial 'mutuals'. Cutcher and Loibl conclude by pointing out that these hybrid organisations are unlikely, alone, to be able to redress the trouble with Australian banking today; the Big Four also need to change their ways of doing business.

The changing mix in the mixed economy

As noted above, both for-profit and NPOs are engaged in providing publicly funded social services in Australia, in a complex mixed economy, and in most service fields, for-profit providers are increasing their share. Table 1 presents available data about the organisational com-

position of provision in residential aged care, child care, employment services and school education, showing change over time. The clearest trend is the decline of the public sector.

Table 1: Organisations in Australian social services, 1980–2014. For sources and notes, see appendix at the end of the chapter

Residential aged care (operational places, 30 June, %)

	1994	2000	2005	2010	2013	% change 1994–2013
Public	12	10	8	6	6	−6
Non-profit	61	63	61	59	58	−3
For-profit	28	27	31	35	36	+8
n=	*131,418*	*141,237*	*158,901*	*179,749*	*186,278*	*+54,860*

Long day care for children (approved/licensed providers, %)

	1994	2000	2004–05	2008–09	2012–13†	% change 1994–2013
Public	16	10	3	3	6	−10
Non-profit	26	24	26	22	31	+5
For-profit	58	67	71	75	63	+5
n=	*3,015*	*4,012*	*n. a.*	*n. a.*	*6,409*	*+3,394*

Employment services (provider organisations, %)

	1995*	1998**	2003	2009	2014	% change 1994–2013
Public	80	37	3	0	0	≥−80
Non-profit	20	30	47	61	68	~+50
For-profit		33	50	39	33	~+25

Schools (full-time students, %)

	1980	1990	2000	2013	2013	% change 1980–2013
Public	78	72	69	66	65	−13
Private	22	28	31	34	35	+13
n=	*2,984,562*	*3,041,657*	*3,247,425*	*3,486,879*	*3,633,438*	*+648,876*

Another clear trend is not visible in this data: the growth of private corporate entities in service provision. One stark example is the profile of providers in Job Services Australia (JSA), through which publicly funded job placement services are provided to people who are unemployed. The three largest for-profit providers will receive a total of more than $1.5 billion, which amounts to 21 percent of the total value of all JSA contracts, for the current contract period of July 2009 to June 2015.[9] Of the three largest for-profit providers, two are international companies. One of the international companies, MAXNet-Work Pty Ltd, received the largest contract of more than $750 million. MAXNetWork is a subsidiary of Maximus, a company listed on the New York Stock Exchange with market capitalisation of US$3.9 billion in March 2015. As its primary business model, Maximus targets public programs in health and human services in the United States and several other countries, now including Australia. Since 2006, MAXNetWork has been awarded contracts to the total value of $812 million in tenders by the Australian Goverment. The second largest for-profit provider of employment services, with JSA contracts worth $362 million, consists of three subsidiaries of Employment Services Holdings Pty Ltd (ESH). ESH has operations in the United Kingdom as well as Australia. The three subsidiaries operating in Australia have or have had contracts to the value of a further $59 million to provide general personnel, Indigenous job training and placement and humanitarian settlement services between 2007 and 2015. The three largest non-profits are the Salvation Army, Campbell Page and Mission Australia, and together they have JSA contracts amounting to 17 percent of the total value for the contract period. (Brief accounts of the establishment of the Job Network, the predecessor to JSA, and of the rise and fall of ABC Learning, a corporate child care provider, are discussed in Chapter 1 of this volume. Chapter 7 discusses the development of corporate health care.)

There are a range of theoretical approaches to the shift of responsibility for defining, providing, financing and controlling of social services from the state to private organisations. First, there are theoretical

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9   Data about contract values for these and other services is publicly available data on AusTender, the web portal for the Australian government's tender system. The figures quoted here are based on the authors' calculations of contract data taken from AusTender.

arguments for public involvement in social services as a remedy for market failure, and which emphasise the public logic of universality, democracy and citizenship organised through bureaucracies. Second, there are theoretical arguments for private involvement in social services. Those which advocate for-profit involvement emphasise the logic of the market through competition, innovation, efficiency and choice, while those advocating non-profit involvement emphasise a community or associational logic through participation, responsiveness and reciprocity. Third, there are arguments for a revised role of government in the provision of public services, characterised in the catch-phrase of NPM, as 'steering not rowing', such that political decision-making is separated from the management of public services, and public–private 'partnerships' are a substitute for public services. Several contributions to the book explore the extent to which the second and third have informed change in Australian public administration in recent decades, resulting in a changing mix in the mixed economy.

In 'Community aged care providers in a competitive environment: Past, present and future', Bob Davidson examines the structure and evolution of an area of Australian social policy that has, by and large, conventionally been 'outsourced' by government. Indeed, community aged care is a clear example of the dominant 'Australian way' of social service provision: since the 1970s, the state has sponsored private organisations in several major domains, including aged care, but also neighbourhood and family support services, women's services, crisis housing services and legal services (Goodwin 2003). Community aged care, then, is a clear example of the state 'not rowing', and Davidson uses industrial organisation theory and historical analysis to show that state steering has shaped the mix of types of boats and types of rowers (to stretch the metaphor) in making the 'quasi-market' for these services.

In community aged care, the share of for-profit provision is relatively low, unlike residential aged care or child care, in which for-profit providers have considerable shares, and listed corporations are important players within the for-profit sector. Davidson explains why this is so, and how recent policy developments might change the profile of providers in the future. The legacy of a strong, pre-existing non-profit sector and a careful use of selected market instruments have meant that, to date, the operation of the community care quasi-market has worked to select *social* maximisers, rather than *profit* maximisers. Thus,

service quality has generally been good – for those who have received services, at any rate; the rate of unmet need is high. However, as 'consumerist' service models gain increasing currency in policy discourse, major changes to the instruments through which the community care quasi-market is organised are under discussion. Davidson argues that although service users would apparently have more choice under consumerist models, a 'freer' market in community care would also endanger the stability, equity, efficiency and service quality delivered by the current arrangements.

Australian governments have been playing an increasing role in social service areas such as community aged care, child care and others, even if they do so by making and coordinating markets for those activities. In housing, however, private markets have always been dominant and have become increasingly so in recent decades, as Lucy Groenhart and Nicole Gurran explain in 'Home security: Marketisation and the changing face of housing assistance in Australia'. Since colonisation, a property development industry has existed and most Australians have provided for their housing through private transactions with commercial providers. However, governments have intervened outside these private arrangements with housing assistance measures aimed at meeting the needs of citizens for whom the private housing market is unaffordable. Groenhart and Gurran document the changing rationales and instruments of government housing assistance, and show how these are connected to the dissemination of NPM in housing policy internationally.

The best known form of housing assistance is direct provision of housing itself, through government construction, ownership and subsidisation of the costs of (public) housing. But this is now a vestigial and residual offering – the number of public housing dwellings has fallen in recent decades, and access to them has been increasingly targeted on the most disadvantaged members of the community. Meanwhile, expenditure on vouchers to assist other low-income households pay rent in the private market has grown considerably, and a range of other measures have sought to bring more private resources and private actors into housing assistance. Increasing choice for residents in what is now called 'social housing' has been one goal of marketising reform in the sector, but without a substantial increase in the quantity of social housing, it is not clear whether this goal can genuinely be realised.

A similar trend is evident in the Australian health care system, although the public sector has historically had a much larger role in health than in housing. In 'Money and markets in Australia's health care system', Fran Collyer, Kirsten Harley and Stephanie Short put health care marketisation in the context of the history of the Australian health care system. They argue that this system has been dramatically transformed in recent decades, such that decisions about health care provision are based increasingly on market rather than medical considerations. This is perhaps the community's greatest concern about marketisation – that concern for the public good will be replaced by self-interest, especially profit maximisation. The authors portray a shift from a sector dominated by public and not-for-profit institutions to a sector in which private corporations now play a considerable role, especially private hospitals and private health insurers. They argue that the emergence of 'corporate health care' in a 'highly protected market system' has been enabled by successive governments. The shift matters for a number of reasons, they contend. Government subsidies for private health care and health insurance markets are a drag on the health care budget. Commercial interests in the system distort health care planning and service delivery – services are placed where they will garner the best return for shareholders, not where they are most needed. The overarching consequence, they argue, is that Australian people are no longer assured access to a universal health care system in which a uniformly high standard of timely health care is available to all.

Questions about if and how marketisation works are at the centre of Anna Boucher's contribution, 'Marketisation of immigrant skills assessment in Australia'. Boucher provides a forensic view of the outsourcing state, through her analysis of marketised immigration skills assessment. This area of social policy is particularly significant in Australia, where immigration policy has become increasingly oriented towards labour market goals. Before 1999, officers of the Department of Immigration assessed the skills of immigration applicants: in other words, public servants made decisions that could be appealed under public law. Since 1999, these assessments have been carried out by a range of independent assessing bodies, some private professional associations, others commercial arms of government agencies. In her focus on a single, relatively bounded area of provision, Boucher is able to develop a framework for assessing the extent to which marketisation can

be justified in this arena, but her approach has wider application and her findings wider implications.

The effects of marketisation of skills assessment, Boucher argues, have been mixed. Timeliness and accuracy have increased, but other problems have arisen. Marketisation has involved significant cost-shifting to immigration applicants, who must be able to afford to pay for skills assessment in order to be even considered. Perhaps most importantly, rights to review of assessments have been truncated, because the position of private providers under public law is unclear. The tight focus of this chapter establishes a general question for other subcontracted and commodified areas of social provision: when services are no longer provided as public services, what mechanisms are available to assure service users' administrative rights?

Markets, consumers and 'choice'

Market logic, with its central concepts of competition and choice, is both a powerful 'cognitive lock' (Blyth 2001) and very highly valorised in public policy discourse. Policy goals such as enhancing efficiency or choice seem self-evidently positive and to reject them is not politically feasible, nor perhaps even desirable. Indeed, the concept of choice has functioned as a bridge between elite policy preferences and those of the public.

Choice has clearly become a very powerful concept in policy discourse. In almost all areas of Australian social policy increasing choice for people using services has become an important justification for marketisation. This is partly because the alternative to choice is framed as *someone else deciding* on one's behalf. This is politically and psychologically unattractive, even though social service systems necessarily continue to rely to some extent on elements of prescription and even compulsion, whether exercised through professional expertise, statutory authority or market dynamics. But it is also because choice is a protean concept. While it is a keyword of neoclassical economic theory, which formalises the logic of the market, 'choice' has a place in other policy frames or discourses, each of which motivates, justifies and mobilises it differently. Accordingly, the meaning of choice itself changes, depending on the frame/discourse in which it is used.

Within the market frame, choice as a policy idea has been propagated by an elite epistemic community, drawing on public choice theory, neoclassical economics and NPM. The concept of the individual in this frame is atomistic: an agent with wants who maximises utility through exchanges; and choice is abstract and instrumental. At the individual level, choice is a means to meeting wants; at a system level, aggregated individual choices are a means for reaching an efficient distribution of resources that meet those consumer wants. There is not much concern within this frame for the *contents* of choices. The perspective is *system-wide*: the sum of individual choices drives competition in markets, leading to increased efficiency and quality. The suite of policy prescriptions is familiar: outsourcing, vouchers, personal budgets, introduction of new providers who compete to provide services, including promotion of private sector and specifically for-profit providers. Because this frame has a rather empty concept of choice, it does not necessarily align with policies seeking to give people choices over things that mean something to them. In practice, choice of *provider* has been the typical offering, on the assumption that individuals will find a provider that suits them from the more diverse array that market reforms are assumed to present to them.

But choice has also been a central concept in what we might call a human rights frame in social services policy. This frame has 'bottom up' origins, in the women's and disability rights movements. Its concept of the individual is a person with rights to autonomy and participation in their personal, social and political worlds, and choice is one means through which each person can enact self-determination. The perspective within this frame is *person-centred*: choice is a means of expressing and maintaining identity, dignity and autonomy. Self-determination or control over one's own life is the goal, and choice enables this. Typical policy prescriptions include removing barriers to participation and provision of necessary support in ways that enable choice and control over that support, including through user-led organisations. As a frame that has most purchase within the disability field, personal budgets controlled by the individual requiring assistance are also a typical policy proposal – one shared with the market frame. Because the perspective within this frame is person-centred, making choice *meaningful* for people is an important policy goal – people should have a choice over the

dimensions of service design and execution that mean something to them and that enhance their dignity and control over their lives.

What these frames share is that choice is a good in itself, and this gives some insight into the irresistibility of policies rationalised as increasing choice. However, these frames construct who people are (that is, they constitute subjects) and the circumstances and contents of their choices in quite different ways. The policy prescriptions of these two frames overlap only partially. Meanwhile, in general, the market frame has prevailed in the design of social service reform.

The impact of marketisation in education policy, specifically on parents choosing a school for their children, is explored by Helen Proctor and Claire Aitchison in 'Markets in education: "School choice" and family capital'. They point out that school choice has, ironically, itself become compulsory, and that old patterns of inequality are reproduced in new ways through it. Parents' wealth and knowhow have always been important, even decisive, in the educational fortunes of their children, but this dynamic is exacerbated under current arrangements, which are producing and affirming a particular kind of entrepreneurial, hyper-involved parent. In other words, school choice policies produce students, families and teachers as particular types of subjects. In the school choice case studies they explore, the authors find that school choice favours particular kinds of children, families and educational forms and that the exercise of school choice is highly constrained. They also find that the process of school choice is labour intensive and emotionally and intellectually challenging. For many parents, the outcome was tinged with dissatisfaction as they recognised and experienced the limitations of choice in practice.

Marketisation is changing social services, but it is not the only trend reshaping social policy in Australia. In the final chapter, 'Conditional income transfers and choice in social services: Just more conditions and more markets?', Terry Carney contrasts marketisation in residential aged care services with increasing conditionality in income support (social security) payments for people of working age. While most welfare services are being re-arranged in ways that ostensibly expand consumer choice, in income support, precisely the reverse is happening. Certain groups of people have become subject to authoritarian and involuntary 'management' of their social security payments, which removes personal control over half or more of their income, and with-

draws benefits if they do not comply with detailed behavioural management requirements. The groups subjected to income management are among the most socially excluded and disadvantaged Australians, notably (but not exclusively) Aboriginal people in the Northern Territory.

Yet despite the apparently wide discrepancy between income management and marketisation, the two policy approaches share a common and deep root in *individualising* the subjects of the welfare state. Carney points out that the design of conditional income support programs assumes that the causes of social disadvantage are individual, and that the people involved have or retain sufficient agency to (choose to) act in response to the measures' incentives. In this way, the structural causes of disadvantage are obscured, just as the market frame obscures the structural inequalities of distribution that arise in choice-based service systems.

Examining these apparently divergent policy approaches side-by-side makes it less possible to see marketisation in Australian social service systems as a genuine attempt to improve citizens' lives through the provision of greater 'choice'. Carney considers several explanations for these developments. The most striking, from our perspective, is that contemporary social policy is an 'exercise in the construction of citizens capable of exercising "regulated freedom" ', that is, the welfare state must 'responsibilise' citizens, and only responsibilised citizens are deserving of choice.

Was there no other way?

Australian social services are arranged through a complex mix of organisations, institutional logics, and policy instruments. In some sectors, the mix is more complex than others and the direction of change more difficult to discern. However, to a lesser or greater extent, market instruments and actors have come to play a larger role across all fields of social services. Yet marketisation was not the only possible direction for reform to address perceived problems with the public sector and for developing the social service system. In Australia and elsewhere, policies, strategies and actors working within the community logic of the associational sphere have emerged and contended with the logic of the market to (re)shape social policy.

In the 1970s, the Whitlam Labor government (1972–75) sought to expand new organisational bases for social service provision, framed within a community logic. The policy vehicles for these developments included the Australian Assistance Plan and its associated Regional Councils for Social Development (RCSD) and the Community Health Program. The Australian Assistance Plan (AAP), for example, was part of a radical reconceptualisation of decision-making about the allocation of social welfare resources in line with new social movement objectives of self-determination and the creation of more participatory, inclusive and responsive social policy. A variety of grants were dispersed to volunteer RSCDs who worked with community development workers and social planners funded by the AAP to mobilise 'grass roots' action around welfare and to encourage the formation of local associations to deliver welfare services to the whole community (Byrne & Davis 1998; Oppenheimer 2008).

The AAP, like other Whitlam experiments, was short-lived – one of the first actions of the incoming Fraser government in 1976 was to withdraw support from it. But it had a lasting legacy: historians and social policy analysts have argued that the AAP and related developments underpinned the formation of a 'community sector' of locally organised, often government-funded, community groups in Australia (Broom 1991; Eisenstein 1996; Melville 1993). This 'state-sponsored community sector' (Goodwin 2003, p. 15; see also Goodwin & Phillips, this volume) was less an attempt to develop an alternative between the bureaucratised state and the competitive market (for which see, for example, Botsman & Latham 2001); but rather an alternative to the bureaucratised state and the paternalism of the charity sector.

The AAP did not succeed in generating a participatory revolution in Australian social policy. One reason was, of course, as Melanie Oppenheimer (2008) points out, the Labor defeat in 1975. But Oppenheimer canvasses several other reasons, some related to professional and organisational rivalries, some to the AAP's weakly developed base in the federal bureaucracy and others to institutional and political barriers of Australian federalism (2008, pp. 177–81; see also Graycar 1977). These proximal causes are no doubt important, but so too is the emergence and consolidation of market ideas and practices in social policy. With the rise of NPM and the increasing marketisation of social policy since the 1990s, the 'expectations for social relations and human and

organizational behavior' (Thornton & Ocasio 2008, p. 104) that take shape within a community logic have diminished. The 'community sector' has become increasingly incorporated into the marketised state, dominated by large charities now steered as much by market and corporate logics as by associational ones (see Goodwin & Phillips, this volume).

But at least as important as the decline of the community logic in the non-profit sector is the declining effect of a *public* logic in social policy. Shortly after the end of the AAP, Adam Graycar (1977, p. 20) wrote that the only avenue for major change in Australian social policy is through forms of community participation and citizen control. The major impediments here are the difficulty in establishing a participatory culture, the limited scope of the objectives of citizen participation, difficulties in establishing legitimacy for citizen groups, and difficulties in gaining access to sufficient resources to make the participatory process a politically powerful process.

It is difficult to imagine that policies promoting consumer choice will contribute to fostering the participatory culture – the deeper democracy – required. It is not least for this reason that marketisation is a disturbing trend for those concerned about inequality and democracy, and about rights and power in Australian social policy.

Appendix

Sources and notes to Table 1.

- Residential aged care: *Australia's welfare 1995* for 1994; Report on government services for 2000, 2005, Reports on operation of the *Aged Care Act, 1997* for 2010 and 2013.
- Long day care for children: *Australia's welfare 1995*, authors calculations based on table 4. 2 for 1994; *State of child care in Australia* April 2010, published by the Office of Early Childhood Education and Care, Department of Education, Employment and Workplace Relations, for 2004–05 and 2008–09; *Report on government services* for 2012–13, authors' calculation, note that data for South Australia are from 2011–12.

- Employment services (Job Network/ Job Services Australia): Senate Employment, Education and Training Legislation Committee, Hansard, 23 November 1995, for 1995, Riggs (2001, p. 378) for 1998, Eardley (2003, p. 7) for 2003, personal communication, Director, Director Deed Administration, Business Partnerships Branch, Employment Services and Support Group, Department of Employment, March 2014, for 2009 and 2014. * Contracted case management services only, delivered under the ALP's Working Nation program. ** Figures for 1998 and 2003 are the results of the tendering processes that ran for 2–3 years after those dates.
- Schools: Australian Bureau of Statistics, *Schools Australia*, various years. Note, the vast majority of private schools are formally non-profit.

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