The Influence of National Competition Policy in
Reshaping Human Service Delivery

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I declare that this thesis is my own account of my research and contains as its main content work which has not previously been submitted for a degree at any tertiary education institution.

Pendo Mwaiteleke
Abstract

This thesis sets out to look at the influence of Australia’s National Competition Policy reform in reshaping human services. In trying to understand this influence, the research explores the main threads of National Competition Policy – including concepts of contestable markets, Competitive Neutrality and Competitive Tendering and Contracting. It also notes the dominance of neoclassical economics and public choice theories underpinning the framing of this reform.

More specifically, the work tracks down the way in which National Competition Policy is impacting on human service delivery through using particular contractual arrangements with non-government providers in a bid to foster value for money through competition and market choice arrangements. This part of the research rests on two case studies, an employment assistance service (Labour Market Programs) known as Job Network and a crisis accommodation service (Supported Accommodation Assistance Program - SAAP). Through them the thesis explores and locates the parameters and the terms under which federal and state funding is accessed and the new organisational arrangements which regulate the terms of client treatment and the scope of professional practice.

In theoretical terms, the thesis draws on mainly a governmentality literature to illuminate the emerging modes of neo-liberal governance, particular attention is given to patterns of self regulation and the conditions governing distant actors.
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I am indebted to all the academic staff who took me through my MA (Public Policy) at Murdoch University in the mid 1990s. It was during this period that many questions arose in relation to the way managerialist and neo-liberal economic ideas seemed to be implicated in reforming human services and beyond - a background that was instrumental in influencing my PhD subject choice. In addition, thanks are due to all Murdoch Postgraduate Research staff for providing excellent ongoing support throughout the course of my study.

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Introduction

The provision of human services remains an important feature of most Western liberal societies. Significant changes, however, continue to take place in terms of reworking notions of the welfare state amid growing globalising social and economic trends. In Australia, significant changes have taken place in the organisation of most human services. According to the Australian Public Service Commission, successive governments have sought to transform public sector practices with a view to sustaining a strong economy underpinned by balanced budgets through economic cycles. This requirement has seen the public sector operational principles shifting from those seeking to deliver fair, equitable services with an emphasis on due process to new arrangements based on competitive market ideas stressing market choice, greater government partnership with the Non-Government Organisations (NGOs), consumer participation and accompanying notions of mutual obligation. At the same time, the public service is also currently called upon to ‘deliver services “fairly, effectively, impartially and courteously to the Australian public” whilst being sensitive to the diversity of the public’ (APSC 2003a: Chpt. 6: 1, 19 and Chpt 7: 1). These changes are playing a part in the pursuit of greater value for money spent in the production and provision of human services around the country.

It is against this background that questions arise about what services or programs should be produced. Under what terms should they be accessed? What organisational parameters should be regulating these new arrangements? It is with these sorts of concerns in mind
that this study sought to explore the influence of National Competition Policy (NCP) in reworking the way human services are provided.

This study argues that the introduction of Australia’s National Competition Policy (NCP) has ushered in a significant departure in the organisation of services and the treatment of unemployed people receiving employment assistance (Labour Market Programs - LMPs) and it is contributing to particular understandings of how unemployment is to be governed. The reform has also, to a lesser extent, reshaped the governance of homelessness, whereby greater effort has been focussed on fostering certain behaviours amongst homeless people with the intention of consolidating their access to the private housing rental markets. Simultaneously, efficiency concerns have sought to limit the availability of the public housing stock previously more readily accessible to some low income earners.

These shifts are partly facilitated through a range of mechanisms and techniques deployed under the NCP reform. Exploring the main threads of NCP, directly and indirectly, and in looking through the programmatic shifts arising in connection with this policy reform, offers some insights into the varied organisational arrangements and the terms of client treatment under these emerging systems.

Under this policy, competitive practices have become a key requirement in the re-organisation and procurement arrangements of Australia’s government-funded human services delivered through non-government organisations (NGOs) and those contracted
out to profit making organisations (APSC 2003a). The Competitive Tendering and Contracting (CTC) system used in the procurement of Australia’s Labour Market Programs (LMPs), and also the Preferred Service Provider (PSP) system characterising the procurement of the Western Australia’s state funded family support services are closely linked to the competition practices operating nationwide. These systems are a part of what is known as contestable markets strongly espoused in the 1993 NCP Report (Hilmer 1993) and allow the possibility of new service operators contesting and taking over service delivery run by a particular incumbent provider. Closely connected with this notion is also the concept of Competitive Neutrality – a mechanism through which government operations are progressively prevented from maintaining a competitive operational advantage over other potential business or service operators in the private and not-for-profit sectors. Hence the requirement removing legislative and fiscal advantages held by public entities (Australian Government 1999; DFA 2002b). Through such notions of contestability, it is also becoming increasingly possible to require service providers to deliver greater value for money by ensuring that governments assume a greater say over the way services are designed and delivered (service specifications) (Australian Government 2003; Financial Management Accountability 1997). That is under what terms are services to be delivered, and through what frameworks are they to be provided?

It is in this context that this research study explores the introduction of competition practices and the way these shape the organisation and delivery of services at Peel Training and Employment agency, a Job Network Service contracted by the federal Department of Employment and Workplace Relations (DEWR) to deliver Labour Market
Programs, namely, Job Matching, Job Search Training and Intensive Assistance programs. I also look at the way in which Western Australia’s Preferred Service Provider model is reshaping organisational arrangements and the treatment of clients in receipt of crisis and supported accommodation services at Swan Emergency Accommodation funded by the state’s Department of Community Development (DCD). The case studies’ field data discussed in this thesis was collected from 2000 to 2002.

Chapter One introduces the major conceptual framework used in making sense of NCP reform and the case studies - governmentality analysis - complementing it with insights generated by Pusey’s perspective on the ascendancy of neo-liberalism and subsequent decline of social democratic traditions in Australia. The chapter outlines the basic premises of the governmentality approach, starting with Foucault’s notion of political rationality. Tied with that, the study moves on to discuss governmentality’s concepts of technologies and mechanisms of rule. Tied to this is a discussion on the notion of alignments implicated in drawing closely an assemblage of distant actors such as NGOs engaged in pursuing governmental objectives. Finally, the work introduces a discussion on ‘technologies of the self’ (Foucault 1988b) or techniques of self formation involved in fostering self-discipline and surveillance connected to governmental objectives.

In order to illuminate the role of National Competition Policy in reshaping the delivery of the human services described above, it is first necessary to provide a background on the broad formulation of this policy and those aspects of its formulation that have a bearing on the organisation of human services. Consequently, Chapter Two lays out the
development and broad framework of this policy, locating it in the context of the ascendancy of global neo-liberal and managerialist frameworks and methods. The work disentangles the official definition and assumptions connected with NCP. The chapter then locates the NCP reform as part of a project earmarked in the overhauling ‘foundations’ of Keynesian economics that supported the expansion of the post-war welfare state in Australia. I describe and flesh out the narrow logic and rationalities of neo-classical economics and public choice knowledge systems that give impetus to the practices of competition policy. The work highlights the manner in which neo-classical economics and public choice theories have played a part in justifying shifts away from collective approaches, preferring instead a strengthening of individual-oriented frameworks.

The thesis pays significant attention to the development of the NCP, spelling out the nature of knowledge, methods and techniques underpinning the constitution of this policy. Given the technical character of terms and concepts underpinning the workings of NCP reform, I have used examples in an effort to clarify the complex trail of economic and managerialist ideas underpinning a range of these formulations. Based on the same grounds, the section laying out the ‘foundations’ of NCP is preceded by the thesis conceptual framework, governmentality and Pusey.

The thesis draws special attention to National Competition Policy’s pronouncement that general community welfare is primarily enhanced when welfare provision is subject to competitive practices as understood through what the Hilmer Report (1993) presents as a
superior neo-classical economics knowledge underpinning competition. What is important to bear in mind is that it is this definitional assumption of competition that variously informs the formulation of the Competitive Tendering and Contracting for which Job Network employment assistance programs are subject, and to a lesser extent, the state’s moderated Preferred Service Provider models of service procurement explored in my second case study. The thesis points out that it is through this body of knowledge that new technologies of Competitive Neutrality are invented and set in play by reinforcing, among other things, the facilitation of contracting practices, and significantly regulating the public housing reforms at a broader level.

The research project locates key players involved in driving the NCP agenda. Starting with the then Prime Minister Keating commissioning the Hilmer Report (1993) for the Coalition of Australian Governments (COAG), and the significant ongoing involvement of the Federal and State governments and Territories, I also bring into focus the prominent role of the National Competition Policy Council (NCC), an overseer and a key player in the ongoing authoring of the NCP. In the case of Western Australia, the study locates the Office of Premier and Cabinet, and the State Supply Commission (SSC). The implied influence of certain business players and policy communities is initially indicated.

In Chapter Two, I also pay attention to Western Australia’s attempt to promote competitive practices as a way of enhancing community welfare and accountability as provided through the McCarrey Report (1993a, b). Here, I highlight key government
technologies and rationalities aligned with the national mechanisms deployed through Hilmer (1993), and those being progressively elaborated and expanded by agencies such as the National Competition Council and other government institutions. In particular, I bring to the forefront two key technologies of rule, namely CTC and Competitive Neutrality (CN) – I explain their technical (definitional) meanings and their relevance to my case studies.

A detailed description of managerial approaches linked to the NCP enables a glimpse into a range of connected techniques engaged in facilitating the National Competition Policy reform. In this way, the study locates Australia’s public sector shifts that have taken place in response to notions of competition and the drive to achieve greater value for money.

Chapter Three briefly describes my search for a methodology, ultimately leading to a governmentality approach. I draw out the methodological working premises underpinning this analysis: the sorts of questions that governmentality seeks to answer; the problematisation of categorical policy truths, including the discursive and arbitrary character of policy justifications; the approach to notions of power, and the treatment of subjectivity. The chapter also locates Pusey’s complementary analysis mainly used to assist in locating the professional and welfarist approaches as counterdiscourses. The chapter then describes the research question and methods.

In Chapter Four I look at program organisation and treatment of unemployed people (Job Seekers) in receipt of employment assistance programs, namely, Job Matching, Job
Search Training and Intensive Assistance at Peel Training and Employment agency operating under the Competitive Tendering and Contracting system. The chapter describes the means by which the practices of a contracting regime attempt to draw a Job Network provider into working within particular objectives of governance. The study brings to light a broad range of mechanisms that make the reformed Job Network LMPs knowable and possible – the rationalities and technologies regulating the relationship between the provider and their clients, the disciplinary mechanisms, and the ordinary ways in which self-regulation is promoted. The thesis also delves into the employment assistance programmatic shifts involving highly developed codification practices, enabling and containing the scope of client treatment. Then, I explore and discuss the elaborate technologies and practices of efficiency connected with the Job Seekers Classification Instrument (JSCI), performance measurements and the reward system promoting renewal of service contracts for highly rated performers. The study goes on to describe the regulation and monitoring involving the Job Network provider’s day-to-day client operations through electronic information systems linking client progress records from Job Network local operational sites, all the way to Centrelink and the Department of Employment and Working Relations (DEWR). The dissertation also describes Job Network staff experiences, concerns and uncertainties around their perceptions of operating under this contracting system.

Chapter Five locates Swan Emergency Accommodation service in the context of shifts relating to Australia’s management of housing, and more specifically crisis accommodation supports over at least the last two decades. The dissertation identifies a
detailed account of shifting political rationalities constituting the management of homelessness in the country. It simultaneously identifies sources of authority informing recent government objectives connected with NCP and authorised in the facilitation of these shifts. The chapter also describes a fairly complex picture of the clientele group using Swan Emergency Accommodation services. It then documents some rather disturbing findings indicating that most people seeking crisis accommodation are least likely to access the private housing rental market. Prior to and after receiving support, this group tends to exhibit a pattern of over-reliance on public and community housing options rather than private rental. These findings are of interest in the context of this discussion to the extent that they are incompatible with the Rental Assistance (that is, market-oriented voucher system) strategy emphasised by the McCarrey Report (1993b) and central to public choice theoretical prescriptions justified on the criteria of efficiency, as a technique of choice when selecting safety net frameworks. I argue that under NCP, the drive to attain greater value for money (efficiency objectives), by disposing of a significant portion of public housing stock under the former Homeswest, seems to have been achieved at some cost to other competing governmental social objectives of affording quality housing options for some Australians at the bottom end of the social economic scale. Not least amongst this group are Aboriginal people, representing significant rates of service users of crisis accommodation support systems.

Detailed attention is drawn to the promotion of a range of techniques under the current system engaged in cultivating household management attributes aimed at encouraging the homeless population to work on themselves, building responsible and reliable tenancy
behaviours agreeable in the housing rental market. Unlike the provision of the Labour Market Programs where new managerial techniques dominate over the traditional welfarist professional approaches, under the Preferred Service Provider system, professional practices pertaining to casework remain largely in operation, although the parameters of practice are subject to particular managerialist disciplines. In this sense, the thesis maintains that welfarist and managerialist forms largely co-exist in the governance of homelessness. Nonetheless, the study implicates managerial shifts in the demise of collective strategies such as lobbying and systemic advocacy involving Swan Emergence Accommodation staff, as a valuable part of agency operations in addressing the issues of homelessness. I also maintain that ongoing professional development has gone into decline since the introduction of the state-based contractual practices.

The study concludes with reflections on National Competition Policy, wherein attention is drawn to the significance of understanding the ‘foundations’ upon which this policy rests – the mechanisms and techniques connected with the NCP agenda. Here, the arbitrary character of this policy formulation is emphasised. The chapter reflects on a range of study findings and their potential implications. In discussing these findings, the study appraises the value of governmentality approach in its potential capacity generating particular study revelations. Of significance are the codification and technologies regulating efficient operational conduct, emerging forms of self governance and a range of other concerns leading to question particular taken-for-granted aspects of contestable markets. The political rationalities and technologies of the self implicated in the two case studies are revisited in my final reflections in Chapter Six, questioning the forms of
governance involved in the cultivation of particular mentalities of rule amongst unemployed and homeless people in Australia. The final chapter also pays broad attention to the usefulness of governmentality techniques to this research study and more broadly, the understanding of social policy concerns.

I now turn my attention to the conceptual framework used in this thesis to make sense of NCP.