

## The worst is yet to come...



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Struggling with changes in the workplace? Tired by the barrage of new ideas, continuous improvement targets and productivity enhancement programs? Perhaps you thought the worst might be over? If so, think again.

A new report by the Federal Government's recently-created Productivity Commission, *Stocktake of progress in micro-economic reform*, AGPS ISBN 0 642 25321 8, suggests Australia, in fact, has barely scratched the surface of change. It says a huge reform task still lies ahead. And the Commission regards this as crucial for Australia's future living standards.

Reform in three areas is seen as critical: transformation of the industrial relations environment; a new regime for funding and provision of education and health services; and stronger application of national competition policy principles. All three have implications for librarians and ALIA members, but it is competition policy which perhaps has greatest potential impact for many. As ALIA president, Helen Tait, confirmed in her Frontline column in *inCite's* August edition, this is certainly an area of much controversy among the association's membership.

Frankly, debate about whether there *should be* competition through contracting of services is well and truly over. The federal public sector already contracts around \$8 billion in services. State governments contract out work to the value of \$3.3 billion. And about \$2 billion of local government services are contracted. So the public sector's day-labour defences, like the walls of tariff protectionism, have clearly been breached irreparably already. For both public sector managers and their employees, the issue now must therefore be not whether, but *how*, contracting and competitive tendering should be used.

The obvious driver of policy in this area for the foreseeable future is likely to be the Industry Commission's massive report *Competitive tendering and contracting by public sector agencies*, Report N° 48, AGPS, which was recently tabled in the House of Representatives. So what are the highlights of its 632 pages? First and foremost, the Commission finds that, *when done well*, competitive tendering and contracting (CTC) can lead to significant improvements in accountability, quality and cost-effectiveness. It can provide tangible benefits to clients, taxpayers and the broader community.

But to maximise its potential for improving government throughout Australia, CTC must be applied intelligently, the Commission says. It is not an end in itself.

Four key lessons are identified: *first*, CTC must include clear and accurate specifications, real competition in which the best provider is chosen and adequate monitoring of contractor performance; *second*, CTC should force agencies to review what they are doing and whether their current activities are effective in meeting policy goals; *third*, CTC must focus on service outcomes, rather than on inputs; and, *fourth*, successful CTC demands cultural change in governments and a new mix of skills — it must be supported by ministers or councillors, be driven by senior management, and handled in close consultation with staff and their representatives, as well as clients and the community at large.

Senior managers — many of whom are understandably keen to urge acceptance of CTC among their workforces — should note that at least as strong a focus on changed attitudes is required within their own ranks. Moreover, the Commission's emphasis on involvement of staff *and their representatives* as an essential pre-requisite should give pause to those managers who are prone to see contracting as synonymous with union-breaking strategies. There are lessons too for governments. Validly concerned with costs, governments should, however, be at pains to ensure their dominant goal is achievement of quality and *value* for money, rather than merely a minimisation of costs.

Perhaps most interesting, however, is what the Commission has to say about the arguments used by so many involved in delivery of public services — including some in the library and information sector — to oppose contracting in principle. CTC, says the report, will not of itself bring about reductions in service quality. In fact, agencies — including libraries — can do much to ensure quality by clearly specifying mandatory standards and strictly monitoring contractor performance against them.

The argument — used by many library supporters, among others — that some areas are fundamentally unsuitable for contracting and competitive tendering gets short shift from the Commission. It is true, the report says, that some agencies can find it harder than others to specify and measure quality: for example, where future individual client needs are difficult to forecast or where vari-

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ous different elements of service must be combined to produce an overall quality standard. But this, it is argued, is a product of the type of service. It does not result from the manner of its provision. It is a difficulty whoever delivers the service. And there is absolutely no excuse for avoiding the task of defining quality standards on the basis that it is 'too hard'.

Without doubt, the implication here is that often objections to CTC result more from a reluctance to set standards and a fear of being held accountable to them, than from genuine concern with the quality of service itself. In this regard, the strongest message from the report is that difficulties in defining the required quality of service are neither exacerbated by CTC nor overcome by in-house service delivery. In fact, proper application of CTC is more, rather than less, likely to improve the focus on output quality.

The Commission's report is likely to prove a major milestone along the road to new operational styles in Australia's public sector. It will impact directly on the working lives of a large proportion of ALIA's membership. For that reason alone, it should be compulsory reading. But the report's value extends beyond its usefulness as a harbinger of the future for public sector librarians. Considered with a genuinely open mind, it also challenges many of our strongest prejudices. And in so doing, its findings demolish many of the shibboleths which have grown around traditional approaches to the delivery of public services in Australia. ■



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