

Unravelling + reMAKING the public good

Part 2: Privatisation

Unravelling and then reMAKING the public good is not something to be done alone or at high speed. In Part 1, we [introduced the idea of the public good](#) and what it might mean for helping us to achieve an Australia reMADE.


In Part 2 we look at the way privatisation and marketisation threaten the public good. And we've still got more questions! As we build this work we'll be asking how do we reclaim the public good? Where is this happening across the world? And what do ordinary Australians think about it? In the coming months we'll be exploring these ideas more and talking to people, building on existing work and sharing and testing ideas.

Privatisation

Privatisation. It's a word we're hearing more and more as the failings of privatised systems, processes and institutions are making us vulnerable as a community.

While the pandemic has highlighted the [value of the public good](#) and the importance of publicly owned and controlled systems and infrastructure, it has also highlighted the very real human risks of privatisation. When public good is privatised, quality is often compromised and in the context of a global health pandemic and climate crisis, compromising on quality can have disastrous effects.

In Australia we're seeing the failure of a [privatised Victorian hotel quarantine program](#). This program should have had a duty of care to the public but instead became the epicentre of the second wave of Covid-19 spreading across the country. And at a time when we most need a functioning welfare system and where huge numbers of people are interacting with Centrelink for the first time, a privately run [Centrelink call centre has been closed due to breaching covid distancing requirements](#). At a bigger scale, [The National Covid-19 Coordination Commission](#) is being run by [people with strong ties to profit-driven corporations](#) who are pushing for a '[gas fired recovery](#)' that benefits a few big corporations at the expense of the health of people and planet. As Professor of Economics [Richard Holden](#) writes, "When high quality matters more than low cost, governments shouldn't outsource unless absolutely necessary." We'd add of course that it's not just quality but public accountability that matters.




It's been [exciting and energising](#) to see government prioritise a stronger social safety net and public health, however we're also seeing huge amounts of cash being directed away from publicly- provided public goods towards private services. For example, funding is being cut to the national broadcaster the ABC, while Murdoch-controlled [Foxtel is being provided with \\$10 million](#) to promote women's sport. So the government's welfare intervention shows that we can't just leave things to the market when it comes to a crisis, but the question remains as to whether more proactive government intervention on big problems is an aberration or a long term shift in philosophy.

In [previous work](#) we've outlined what we think are five key transformational drivers we need to understand and develop if we are to create an Australia reMADE. These drivers are built on the values of unity with nature, equal worth of all people, interdependence and community; and can be [summarised](#) as the need to **democratise, de-carbonise, de-monopolise, de-marketise and decolonise**. While all five of these drivers are deeply connected, in this paper we delve most deeply into the importance of de-marketising. De-marketising recognises that some public goods must be provided regardless of whether or not the market thinks it is rational to do so. To de-marketise we must reclaim, redefine and celebrate public good and in doing so judge success by wellbeing, rather than economic output or mere 'competition' in the marketplace.



The Australian public has been staunchly opposed to privatisation for a long time. In part this is perhaps because privatisation generally has never really delivered on its three key promises to free up public money, ensure efficiency or provide greater choice via competition. Instead privatisation has meant:

- ① **Reduced standards:** Quality of care for elderly, disabled and vulnerable children declines. Underfunding of NGOs delivering government services reduces quality.
- ① **Reduced quality:** Profits outweigh delivery of quality, reduction in research and development, and services distributed unequally across the country.
- ① **Reduced access:** Some people are unable to access services provided privately due to lack of profit motive.
- ① **Reduced choice:** Options are limited as some services are less profitable and so people have less choice.
- ① **Reduced working conditions:** Understaffing, lack of professional development, loss of organisational knowledge and the erosion of pay and conditions.
- ① **Reduced accountability:** Corporations are not held to the same level of transparency as government and information is hidden behind “commercial in confidence” clauses. Government loses control over quality. It is increasingly difficult to hold anyone accountable and with this comes a threat to democracy.
- ① **Increased costs:** Increased costs for consumers, profits going overseas and costs to the public sector when private companies fail.



Importantly, these negatives are not simply theoretical or abstract concepts. In 2016 [The People's Inquiry into Privatisation](#) spoke with Australians about the impacts of privatisation across a variety of different sectors. The subsequent report, "[Taking Back Control: A community response to privatisation](#)" catalogues many of the impacts on people and communities and paints a sad and damning picture. It is well worth reading to understand in more detail the human impacts of this process.

So, let's pull at the pesky thread of marketisation via privatisation, in order to better unravel how we got here and what holds the current system in place.

Privatisation of different types of public good

In our initial discussion paper [Introducing the Public Good](#) we write that, "Creating the public good means making decisions that prioritise the needs of people and planet rather than the wants of money and markets. It means ensuring that the things we decide are important are available and accessible where they are needed, regardless of whether or not they turn a profit."

We also propose three broad categories for thinking and unpacking 'public good': **public good as material** things or services (like hospitals, schools, and sewerage systems), **public good as contexts** or protections (like clean air, clean water, safe climate, and democracy), and **public good as capacities** or opportunities (like time, creativity, community, culture, and imagination).


What follows below is a selection of examples of privatisation across the framework of these three different types of public good. These examples are by no means exhaustive, but they help to get a sense of where and how privatisation occurs, its impacts and why it can be problematic as it appears in unexpected places.



1. Privatisation of material public good

Care

The provision of care is a public good. All of us need care at various times in various forms whether this is a result of being young, sick, injured, disabled, elderly, or otherwise. All of us would like to be assured that when we need care, our needs as humans will be prioritised over the potential for our vulnerability to generate profit.



Significant parts of the care sector in Australia have been privatised: from childcare to hospitals to nursing homes. And by enabling private profit motives to drive these sectors, many people's needs are being sacrificed in the name of making money.

Example 1: Profit before people and reduced accountability

In 2019 an investigation into BUPA's aged care facilities showed that more than 60% of care homes failed basic standards of care and 30% were putting the health and safety of elderly residents at risk. The [report](#) listed instances of assault, poor quality food and mistakes with medication. Other companies are also failing the humans they serve, with one business neglecting a palliative care patient to the point that maggots were found in her mouth. University of Sydney Fellow, Dr [Frances Flanagan recounts stories from care workers](#) given six minutes to shower and toilet each patient and tells of a worker who runs a raffle to raise money for moisturiser to moisten the lips of the dying. Cutting corners for profit costs both patients and carers in different ways. Neglect in the name of profit causes pain.

Corporations running privatised care are recipients of significant public funding, making them appear more financially viable than they actually are. For example [BUPA was subsidised to the tune of half a billion dollars in 2018](#). Despite significant breaches of accreditation requirements, authorities are unwilling to shut down operations. [Dr Sarah Russell](#) suggests this may be due to significant political donations to both major parties, a sense that the industry is 'too big to fail', and the fact that private companies are much harder to hold accountable than public ones. As the [Royal Commission into Aged Care Interim Report](#) states, "the aged care system lacks fundamental transparency." (It is worth noting that the Prime Minister announced the royal commission into aged care, [shares in the four largest listed companies plummeted](#) among fears of increased regulation and thus reduced profit.)

The Interim Report also found that large sections of accreditation audits of services conducted by the Aged Care Quality and Safety Commission were generated by computer-assisted text. An example of where the regulatory regime in place is weak and where lax accountability becomes an opportunity for corner cutting and profit making. As the [report states](#): *"It is time for a reality check. The aged care sector prides itself in being an 'industry' and it behaves like one. This masks the fact that 80% of its funding comes directly from Government coffers. Australian taxpayers have every right to expect that a sector so heavily funded by them should be open and fully accountable to the public and seen as a 'service' to them."*

Similar stories emerge from the private hospitals, childcare, and disability support – privatisation has a track record of recipients of care being put at risk and workers given impossible conditions of insecure work, understaffing and low job satisfaction.




Example 2: Compromised values and competition for funding

The care industry is a mix of private providers competing in the market and not-for-profit operators contracted out to provide government services. In the case of the latter category, competition for limited funds to provide services mean that [quality is often compromised to ensure a successful tender](#), organisations must compete with each other to secure funding and indeed at times end up running care programs counter to their organisational ethics and values. In 2012 the Salvation Army was given a [\\$74 million contract](#) with the Department of Immigration and Border Protection to provide services, such as counselling, to asylum seekers held on Manus and Nauru. The Salvos provided these services despite their strong ideological opposition to offshore detention. There is a complex ethical dilemma here of course: is it better to provide some care in a terrible situation, or is it better to refuse and thus those who need help get none? These difficult questions aside, [some staff working on the program expressed concern](#) that the existence of the contract made it difficult for the Salvos to critique and challenge practices they saw as harmful to asylum seekers.

According to Professor of Economics and Theology [Paul Oslington](#), church-related not-for-profits deliver approximately half of social services in Australia. Oslington is critical of this arrangement for many reasons (including lower wages, the transfer of risk and the disproportionate burden of innovation for those in the not-for-profit sector) but makes the key point that the government, as the only buyer of services, can drive down the price. This in turn had a direct impact on quality of services that can be provided.

Example 3: Moral strings attached to care

While limited access to funding means some organisations compromise on values in order to provide services, other organisations are able to take up large percentages of service provision in a way that enforces particular moral codes. For example in Victoria about [one third of the public hospitals are Catholic-run](#) and for religious reasons refuse to offer termination services. In a country and state where abortion is legal, how can a public health service run on public money refuse to offer this on private grounds? Similarly those accessing the National Disability Insurance Scheme often have no choice about whether or not they engage with faith-based service providers. For some people with traumatic experiences with churches, or even simply with different faiths, having a religious organisation design, explain and implement their NDIS plan is [deeply problematic](#).



As care gets contracted out to private providers with certain moral or ethical positions, the care available to the community changes. This is a potentially confronting perspective on privatisation, where the profits to be had are not simply about dollars, but are linked to power and moral authority.

Welfare

Welfare and support to those who need it is a public good, ensuring, in an ideal world, that no one goes without basic needs. Welfare is a type of community care that should be provided regardless of profit, and yet it is a service slowly being privatised. There are many different examples of how welfare has been privatised but two examples show the impact on quality as well as agency, cohesion and universal access: the outsourcing of employment services and recipient supports, and the development of the Cashless Welfare Card.

Example 1: Welfare fraud of a different kind

In the late 1990s the Liberal Government outsourced the delivery of employment services to job seekers on government income support payments (a program previously run by the Commonwealth Employment Service). While the names have changed many times in the last two decades, the outsourcing of the Employment Services Providers program means that private providers (both for-profit and not-for-profit) are paid to place people in employment or training.

Providers make money from low margins and high turnover and as a result [many people receive no specialised support](#) to find any ongoing or sustainable employment. Instead, job seekers are often churned out to unsuitable (and sometimes non-existent) positions. In 2015 [Four Corners exposed](#) how this privatised system has been exploited with fraudulent activity as providers forged signatures, placed people in fake jobs and diddled attendance figures. Once again the ongoing wellbeing of community is sidelined in the pursuit of profit and unemployment becomes a money making industry.

Example 2: Profiting from poverty

The push for Cashless Welfare Cards is another example of how welfare provision is seen as an opportunity for corporations to profit. Cashless Welfare Cards have been trialled in many remote Indigenous communities and have [received strong criticism from users and advocates](#). Essentially the cards limit where recipients can spend their welfare money (and often the cards fail to work anyway), meaning not only are people less able to take control of their lives, but they are forced to shop at participating outlets and are almost entirely unable to buy second hand.

Cashless Welfare Cards force users into a [relationship with Indue Ltd](#), a financial services provider that is not a bank and does not offer accounts specifically suited to low-income earners. The Cashless Welfare Card was [recommended to Prime Minister Tony Abbott in 2014 by mining millionaire Andrew 'Twiggy' Forrest](#). Indue Ltd, whom Forrest was involved with at the time, was paid over \$14 million to develop the technology and implement the trial of the card (at a cost of \$1.4k per trial participant). The push to expand the Cashless Welfare Card will likely significantly benefit Indue and other similar private

institutions. [Research](#) shows that while [corporations benefit](#) from this type of welfare, individual recipients and indeed whole communities do not. As [Dr Shelly Bielefeld](#) writes on the Cashless Welfare Cards in the context of Indigenous communities, “neoliberal interventions can adversely affect Indigenous peoples, diminishing their consumer choices and other rights, whilst simultaneously creating benefits for entrepreneurial interests via privatisation of social security payments.”

Care and welfare are but two examples of the privatisation of material public goods. It seems that we allow human needs to be marketised and driven by the neoliberal values of private profit rather than by the values of community, interdependence and equal worth of all people.




Infrastructure

Infrastructure is often a public good whether it be roads, telecommunications, or sewerage systems because it is about providing a resource that will only function at scale and that contributes to the ability of people to participate in society. The two examples below show both the simplicity of privatisation via sale and the more complex public private partnership relationships.

Example 1: Selling public assets for short term profit

The sale of approximately 70% of Telecom, the publicly owned telecommunications company, in the 1990s, resulted in a private monopoly on fixed telecommunications infrastructure. According to [Gary McLaren](#) (Chief Technology Officer of Australia's NBN Co from 2009 to 2014), such a monopoly meant Telstra (as it became called), could refuse to upgrade without government subsidies or regulatory holidays. The sale of infrastructure is often driven by the need to make up budgetary shortfall, or to provide cash to finance other government projects.

Example 2: Passing the buck



Sydney's [WestConnex](#) project is a more contemporary example of privatised infrastructure. In this case, the construction is privately financed but the government offsets the risk of construction by promising guaranteed use of the project. Construction, operation and private financing are tendered out in one single long-term contract. The viability of such projects is often publicly underwritten. There has been significant opposition to this project which has grown since the announcement by the NSW government that they intend to sell off their ownership – an activity that would see [Sydney be one of the most heavily tolled cities in the world](#).

On the one hand privatisation of infrastructure via public private partnerships often leaves the public holding the long term risk. Yet when the government then sells its shares in the partnership the individual is often left to pay the cost of a service ostensibly built to serve the community.




2. Privatisation of the contextual public good

A safe and thriving natural environment

Clean air, water, land, and a safe climate are all public goods, forming the foundation for life on earth. As the government fails to step forward (or in some cases actively steps back), our natural environment and planetary support systems are compromised. As with care, the health of nature is something that should be valued regardless of whether or not it turns a financial profit. To state the obvious, financial profit means nothing if everything and everyone is dead.

Example 1: Money compromises community and environmental health

No one owns environmental health – it is a public good we all rely on – yet it is often damaged as a result of marketised and profit-driven privatisation. For example, both the State and Federal Governments have approved plans for the [proposed Adani coal mine](#) in Queensland. Approvals have included the extinguishing of the Wangan and Jagalingou people's native title, a 60 year lease for unlimited volumes of water from the Great Artesian Basin, and the clearing of 16,500 hectares of important habitat. In exchange for the loss of cultural and environmental heritage Adani promised 10,000 jobs (closer examination suggests 1,500 is closer to the mark) and the Australian Coal Lobby (ACL) is set to benefit. Investigations by journalist [Michael West](#) revealed the tight links between the ACL and the major Australian political parties. For example, if the Adani coal mine goes ahead it will open up further opportunities for others who hold licenses within the basin to also profit. Gina Rinehart is one person who would benefit and someone who has long had financial and professional ties with the Liberal and National Parties. The



Environment Minister at the time of mine approvals was Melissa Price, a woman who had previously held the position of Vice President with a mining company. By providing financial support to win elections, members of the ACL are buying political support for future profit-making enterprises.

Land, air, water, climate and culture have been sold to the highest bidder. Why should mining companies, or anyone, be supported to profit from the destruction of these things? It seems difficult to believe that something like the proposed Adani coal mine could genuinely serve the public good.

To be clear, extractive practices like mining are not necessarily inherently bad. There are a lot of things that we mine that we probably should and will continue to extract for decades to come (in the context of a climate emergency coal is obviously not one of them). But even if it were, why should something that belongs collectively to this country be sold off for more immediate power and profit at a cost the community is not willing to pay? How we do things is as important as what we do.

Example 2: Invisibility of true costs


One of the challenges of privatisation is that we, as a community, lose the ability to understand the trade offs being made between resource extraction and environmental damage. Privatisation means it becomes very difficult to control or hold to account, big environmental impacts. In 2016 an [unknown offshore oil and gas well leaked oil into the ocean](#) for two months – over 10,000 litres went into the sea. The National Offshore Petroleum Safety and Management Authority (Nopsema) refused to disclose the name or location of the well. Thanks to corporate in-confidence laws which enable a lack of transparency, a corporation can essentially ‘own’ (and therefore damage) part of the common resources of the world.

Environmental and personal health and well being are linked. Both are compromised when money is prioritised and when concentrated private political influence results in deregulation (privatisation of rules), lack of transparency (private interests are ahead of public) and the contracting out of the public good.



A strong democracy

A strong, functional democracy is a public good that, when working to its full potential, should enable Australians to be confident that people and places will be cared for. Democracy is currently threatened by the power that wealthy individuals and lobby groups are increasingly able to exert – privatisation at a systemic scale.



Example 1: Money and election power

Donations to political parties are a straightforward way to buy power and influence. While the Federal election was in May 2019, [political donations disclosure rules](#) meant that the public couldn't learn who was donating or how much they spent to try to influence the outcome until February 2020. Those with money can buy their way to influence – whether through tickets to dinners with ministers, donations to political parties, or extensive lobbying capacity. And those seeking power are not shy about the power of money. Clive Palmer [boasted](#) that he spent \$60m to “polarise the electorate” with anti-

Labor materials to ensure a Coalition win. Our democracy itself is becoming privatised – a system to be run in the name of private profit (financial or otherwise) – separating the power of the elite from the rest.

Research by the [Grattan Institute](#) shows that the last five federal elections were won by the party that spent the most money (while this is a small sample studies in the USA show that 9/10 seats are won by those with the most money). Money buys power and donations to election campaigns are just the tip of the iceberg.


Example 2: Money, power and relationships

More recently, Andrew Forrest (remember him from the Cashless Welfare context?) again showed that money can buy political influence when his [philanthropic organisation Minderoo bought 10 million covid-19 testing kits](#). He will be reimbursed by the Australian government for these kits ([despite most of these kits not being needed or requested at the time](#)), but it was his relationships in China that enabled him to be given preferential provision over other potential buyers. Forrest's demonstration of this relationship places him in a potentially powerful political position and the apparent use of philanthropy masks [savvy business and political power plays](#). Are our international relations and thus our democracy being purchased by the highest bidders?

The power of money to buy access to politicians and powerful bureaucrats plays out in a number of different ways. For example in 2018 [PriceWaterhouseCoopers hosted a Liberal Party fundraiser](#) in their offices. For \$12,500 per ticket, attendees not only dined with the Prime Minister and Cabinet, but they could also choose a personalised schedule of meetings with ministers over the preceding six hours. That access to key decision makers can be bought is a form of marketisation and privatisation of democracy.

Example 3: Connections to power

Of course, not only does money buy you a one off meeting with a minister, it can buy you an ongoing relationship that leads to further power. In 2004 Australia and Timor-Leste were negotiating access to the underwater oil and gas reserves between the two countries. ASIS (Australian Secret Intelligence Service) agents [secretly bugged](#) key offices



of Timor-Leste ministers to learn just how much they were willing to concede in negotiations. The outcome of these negotiations led directly to huge financial gain for Woodside Petroleum (a company with a history of significant political power) and caused the chief negotiator between the two countries to [state](#): “The whole experience of the negotiation from 2000 on and through this whole episode was to see a country that – yes, in many ways focuses on the public good – but where corporate greed was a big part of it, because the Howard and Downer government, they were skills for the corporations.” Commercial insights were passed on to invested corporations by Australian democratic infrastructure.

The privatisation of democracy is a huge issue worthy of a paper in itself and the examples above barely pull at the threads of the unravelling necessary. However they do show that democracy can be privatised beyond simple donations and that ongoing, financially mediated and non-transparent relationships between business and government are a threat to the public good.




Education

Public education is a public good that should ensure all children, regardless of background and socioeconomic status, have access to strong nurturing communities, diverse networks of people and the same future opportunities. Public education should also ensure communities of well adjusted, mature and creative individuals who themselves are able to contribute generally to the public good. Australia has a strong public schooling framework (that could always use more money and resourcing) for which the majority of funding comes from state governments with additional federal funding. Approximately [65% of Australian students attend public schools](#). Private schools are also given federal funding, in addition to the money they receive from parents and various affiliated religious organisations. [Private schools received 61% of all federal funding](#) with a trend showing increases in funding to private schools and a decrease in funding to public schools.

Example 1: Exclusive access to public resources

With wealth and financial support comes outsized power to bend access and use of public goods to one's own advantage. In Sydney, a local [council has agreed to partner with an exclusive private boys' school](#) to upgrade the playing fields in a local public park. Given the school makes use of the park this sounds like an excellent deal. However it does come with strings attached: the private school will have exclusive access to the fields between 3.15-5.15pm on weekdays and 7.30am-2.30pm on Saturdays. For the next thirty years. Given the school would already receive substantial public money, it seems unreasonable that it would then use it to claim exclusive access to a public resource.



Example 2: Entrenching inequality, money for pools but not for pencils?

While public money continues to be poured into private schools for upgrades to orchestra pits and swimming pools and [public schools struggle for basic stationary](#), we won't truly have the type of public education system we dream of. As Richard Wilkinson and Kate Pickett argue in their book [The Spirit Level](#), public good relies on equality and the disparate funding between public and private schools fuels inequality from a young age. Private school funding entrenches inequality rather than the public good of everyone being able to receive a solid education. Drawing on this research [Brigid Delaney](#) writes, "When rich and poor experience the same teachers, schools and standards of education, when

they can become friends, visit each other's houses, partake fully in each other's lives and form (often lifelong) social networks with people from a different class background – a healthy sort of social mobility occurs. You are more likely to enable the social mobility of others than if you were in a socially stratified environment. That is, if you end up at university or in a posh job, you can help your less wealthy or connected hometown friends up the ladder."

A strong, accessible and resourced education system is a public good. With privatisation comes the risk of entrenching (and potentially creating) inequalities, reducing community cohesion and undermining public accessibility to public resources.




3. Privatisation of capacities for maintaining the public good

While privatisation of hospitals, schools and even welfare is relatively well understood, there has been less work in thinking about the privatisation of capacities in a public good context. Hence the examples below are slightly more exploratory and uncertain.

Trust

Trust in each other, trust in community, and trust in ability to provide for each other is a public good. More specifically, trust in our collective ability to contribute when we can and to receive when we need to is an essential component in a functioning democracy that provides the public good. Trust is what enables us to be confident that in times of need we will be well cared for in all ways and circumstances, it also therefore enables us to be generous in times of plenty, so that the hoarding of private profit becomes an unnecessary bulwark against fear of abandonment of support.

Example 1: Commercial interests can shape public perception of public good



Australia has a strong culture of trust and appreciation for universally provided public services. But this faith and trust is slowly being eroded in part due to its exploitation by the private sector. This 'reputational capital' is something that private companies can exploit in order to get people to trust their own brand. In her article '[Imagine us as part of you': outsourcing and the Serco way](#)', academic Frances Flanagan points out that at the Serco-run Fiona Stanley Hospital in Western Australia, there is little indication that the service is privately-run or that Serco has anything to do with it. As a result, the strength of the hospital's reputation is actually built on Fiona Stanley herself (a woman committed to championing the public good) and the public hospital system in general. While many don't realise the hospital is privately run it means Serco can be less anxious about reputational risk.

The flip side of this of course is the false co-option of credit that happens when commercial entities buy the naming rights to services that are publicly funded. For example the Westpac Rescue Helicopter is actually funded with public money however [Westpac bought the branding rights](#) and as a result claims undeserved glory. Similarly public resources such as sports stadiums are now branded by corporates who pay for naming rights but do not directly contribute to ongoing costs (for example Blundstone Arena, or Suncorp Stadium). Not only does it leave a false assumption about the essential nature of corporations in providing for the public good, it also robs us of our history and sense of community ownership of our infrastructure. In this instance a private business is using a public good to bolster its own reputation without contributing anything substantial to its operations and as such hides the value, and therefore trust in, the ability of the government to provide public good.

The [Edelman Trust Barometer](#) has been surveying Australians since 2000 to gauge levels of trust across the four institutions of government, business, NGOs and media. The most recent survey shows that no institution is seen as both competent and ethical (the criteria on which trust is measured). Business was seen as the only competent institution, while NGOs the only ethical ones. Government is viewed as the least competent and least ethical.

There are obviously many factors that lead to distrust of government, from the ability of those with money to spend big on elections and access to politicians, to the revolving door between parliament and industry, to the sports rorts and other dodgy behaviour. There are huge structural issues here that need addressing and a part of this will be to make clear just where and when corporate power is due credit.





Community, belonging and purpose

Community, belonging and purpose are essential public goods. Not only does community give life satisfaction and a sense of purpose ([research](#) shows it is essential for good physical and mental health), it builds the social infrastructure and networks of trust that allow us to function as a rich society outside of the formal capitalist economy. It is the [informal networks of social and material exchange](#) that are essential to a thriving, resilient and happy community. Research shows people are feeling keenly a loss of this type of connection as longer work hours, longer commutes and increased cost of living keep them busy and exhausted.


The rise of what Jeremy Heimans and Henry Timms call [New Power](#) brings into focus the role that corporations are increasingly playing in building communities and providing people with a sense of belonging and purpose. [It is well recognised that we're living through a loneliness epidemic](#) and corporations are finding ways to tap into the human need for connection, perhaps because governments and communities are failing to provide the infrastructure and social context.

Example 1: Purpose through corporate collaboration and cooperation

The yoga clothing brand Lululemon spends no money on traditional advertising and instead provides “store ambassadors” with incentives to show off the brand. Ambassadors are provided with funding (that does not include wages) to run community activities, sent to week-long retreats to learn about leadership, goal-setting and purpose; and are genuinely supported to be generous leaders in the community. For many Ambassadors this is an incredible experience and fantastic initiatives emerge. Examples include free health and wellbeing programs for prison populations, mental health and fitness in some of the poorest parts of the USA, and the creation of community running groups and social gatherings that are helping many people who might otherwise feel lonely. At the same time, [Lululemon expects a revenue of nearly four billion dollars](#) in the coming financial year, highlighting the complex relationship between privatisation and community good.

It is not that corporations creating communities is inherently bad; but it is worth looking more deeply at the potential flaws, risks and conflicts of interest. According to Heimans and Timms, the Chinese mobile phone company Xiaomi has thousands of people volunteering their time to check bugs in new releases. This means thousands of people are working for free, or in exchange for feeling connected and valued. Maybe that's ok, but it doesn't put food on the table and it significantly increases wealth inequality as those making the profits do so off free labour.

Example 2: Corporate mediation of relationships



Joining a community built around a yoga clothing brand is one thing, but what about the way that corporations are mediating our relationships (and thus influencing our communities) via technology? Even prior to the global pandemic in early 2020, [60% of Australians were active Facebook users](#), with at least 70% of the country using some form of social media. It is a way we connect, socialise and maintain relationships. Whether we like it or not, the use of Twitter rather than telegram is here to stay, and social media and electronic communications are deeply embedded in our society.

And it is worth asking about the implications of such forms of connectivity being so tightly held by private interests. In the last decade [Facebook has been found to play with algorithms](#) in order to affect user emotions and provides a platform for automated accounts to shift perceptions of popularity of ideas. And as if this isn't concerning enough, in 2014 the company [Cambridge Analytica illegally harvested personal information](#) from

millions of Facebook accounts and used it to build a highly sophisticated system enabling individual voters to be targeted with very personalised and manipulative political advertising. [As one of the harvesters of the data said](#), "We exploited Facebook to harvest millions of people's profiles. And built models to exploit what we knew about them and target their inner demons. That was the basis the entire company was built on." While only one of many factors, it is very likely that the work of Cambridge Analytica played a role in electing Donald Trump. Importantly, while Facebook is the best-known example, most other social media platforms are also highly curated and at risk of data leaks and manipulation.

There is potential for community wellbeing to become controlled by corporations and profit interest. What happens if we're all so connected through corporations and then they decide to disconnect us, or change the rules and find unsavoury ways to harvest our connections for further profits? Are we again privatising things very dear to us, and if so why? The challenges of cost of living and the invasion of work into our home spaces is surely a part of it, but have we also collectively decided to no longer support community connections with infrastructure and programs?



Space

Space is a public good and it too is being privatised and marketised. While open spaces, playgrounds, horizons and nature are important public goods, the examples below specifically consider the commercialisation of shared public space. As marketing guru [Omaid Hiwaizi](#) writes, "the true essence of advertising is to make you want more. It is designed to make you restless, leaving little room for contentment." Space free from advertising, free from an intent of discontent is thus a public good.



Example 1: No escape from the profit motive

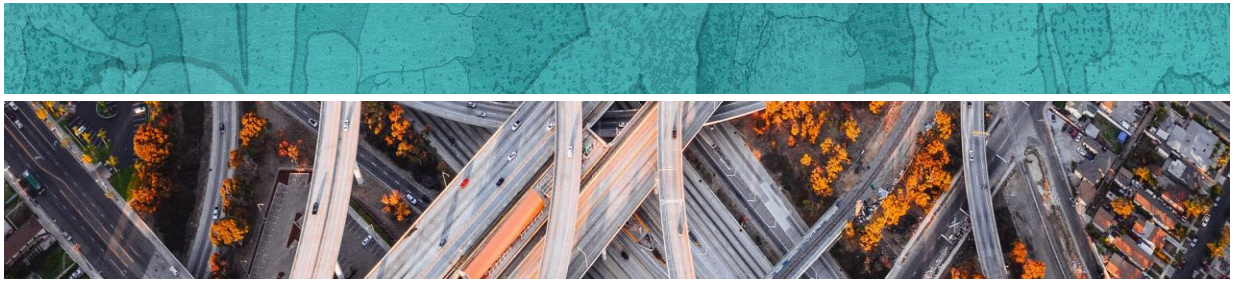
Space to be in our uninterrupted thoughts, unshaped by commercial interests, is also slowly being filled with profit motive. Our beautiful sky has been marketised as skywriters take to the vast clear blue to write corporate slogans such as “[Coles now open longer Saturday](#)” or ideological campaigns such as encouraging people to “[Vote No](#)” in the marriage equality ballot. Our ability to enjoy the sky has been compromised by other people’s willingness and ability to pay and make profit from taking up space.

In 2018 the ACT government proposed changing the laws against billboard advertising in the nation’s capital. While the advertising lobby saw billboards as a way to ‘enliven the city’, [90%](#) of the Canberrans polled were against such advertising. Indeed residents were so impassioned they posed nude in front of well known Canberra landmarks with a plea to

“keep Canberra bare.” [Rebecca Vassaroti](#) (previous deputy CEO of Australian Council of Social Service) argued the results of the poll and the level of engagement showed a “clear understanding that outdoor advertising is essentially the selling of our public space and amenity to commercial interests, and they are asking Governments to think carefully before selling community assets such as these.”

While Canberrans may have dodged the outdoor advertising bullet for now, most Australian cities are full of visual market noise as business clamours for money and attention. It’s another example of privatisation via purchase. Professor of advertising [Robert Crawford](#) argues that the [huge outcry](#) over the use of the Sydney Opera House as a canvas for advertising the Everest horse race “was much about commercial promotion as it was about the power of the city’s political elites.”

The bombardment of advertising in public space is an invasion of the market into what should be community spaces for the public good. It is almost impossible to use any Australia public transport system without corporate advertising taking up visual and often aural space. We cannot descend the escalators or catch a train without being bombarded with messages to gamble, buy handbags or jet off on our next trip to Spain. And we cannot switch off the enormous TVs that catch our eyes and our ears trying to sell us products we can’t afford. As Tim Hollo from the Green Institute writes, advertising has [significant impacts on the happiness and wellbeing of the community](#) and serves to double down on the creation of social norms that favour the consumerist economy. Hollo argues that “Advertising is a lynchpin – and a weak spot – in our growth-based work/produce/consume system. It is a key point in the corporate takeover of democracy. It contributes to the alienation that is infecting our society, causing so many ills.” As such is a vital point of strategic intervention.



Summarising types of privatisation

The examples of privatisation above reveal that privatisation can occur in many ways across different types of public good. It can be useful to draw from these examples a framework that helps us think generally about privatisation and to better understand the types, mechanisms and processes for it.

Reflecting on the examples above and drawing on the work of the People's Inquiry into Privatisation, we think there are broadly eight different types of privatisation or marketisation it is worth keeping an eye out for:


- **Private ownership/control** (e.g. control of social media platforms);
- **Outsourcing local public services** (e.g. private contracts to Catholic Health to run hospitals in Victoria);
- **Imposing fees, charges, tolls or higher rents and fares** (e.g. toll roads);
- **Privatisation of space** (e.g. corporate advertising);
- **Vouchers** (e.g. the Cashless Welfare Card);
- **Public/private partnerships** (e.g. the WestConnex road project);
- **Corporate subsidies** (e.g. subsidies for care institutions such as BUPA); and
- **Competitive regimes** (e.g. competition for service delivery).

Summarising pathways to privatisation

Knowing what is privatised and the forms it can take are important. But before we go, as a final pull on this thread we've been unravelling, let's also take a moment to better understand how privatisation happens. Especially as it's so deeply unpopular in the first place, what are the pathways to privatisation and the processes that enable privatised outcomes?

Underfunding and failure of provision

One key strategy in the push for privatisation has been the financial and reputational undermining of public provision of the public good. Proponents of privatisation within government can undermine their own ability to provide goods or services by underfunding and then shouting 'proof!' as public institutions fail. It is easier to argue for the privatisation of



hospitals, roads or schools when the publicly-run ones are overcrowded, understaffed or in states of disrepair.

In comparison, privately-run services often look more appealing. The shiny private hospital where you don't have to wait long. The attractively-appointed private school that prides itself on good parent communication. The daycare centre that has all the latest toys, yoga lessons and organic food... What these services tend to truly be good at is marketing. Which is why there's still a thread of popular wisdom in Australia that if you're really sick the best care is in the public hospital, often the best teachers and evidence-based practices are in the public system and the community non-profit run daycare or preschool is full of care (because let's be honest, it's easier to provide good services with the regulated better staff ratios and higher qualifications).

The public provision of the public good is also undermined when government or community fails to step in to provide an essential service and the field becomes open for private profit. For example, the absence of rules or regulations around air quality can lead to corporations profiting from polluting activities where they themselves are not negatively impacted. The corporate ability to externalise costs is what enables such high profit margins.

Undermining reputation

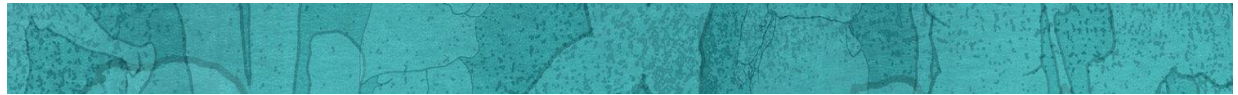
Public provision of the public good can be undermined not just financially, but reputationally as well. In this case, it's not just those holding the public purse that can have a go, it's anyone!

Using the examples of privatisation above, we've pulled together five different ways the reputation of the public good can be attacked and/or used to further the privatisation agenda:

- ① Public goods can be **disparaged** for being inefficient, expensive and anti-choice – for example cost and quality of public schooling.
- ② Private companies can **take credit** for things that are actually funded publicly. For example the branding of the NSW rescue helicopter as the Westpac Helicopter.
- ③ Privately owned organisations can **use the existing reputations** of public institutions to boost their own reputational capital. For example the Serco owned Fiona Stanley Hospital benefitting from the name of a public figure recognised for her contribution to public health.
- ④ Private investors can **benefit from existing public infrastructure** that essentially subsidises private services. For example the use of public hospital infrastructure by Catholic Health.

Lobbying and advocacy

Finally, those with power and influence can invest in reports and lobbying that create the preconditions for the shift from public to private. Think tanks, business lobbyists, and wealthy individuals can present arguments and cases for the privatisation of specific sectors and industries in their interest. An excellent example of this is the multinational corporation Serco.



Serco privately runs prisons, hospitals, childcare centres and more – having [slowly and carefully built personal trust networks and lobbying practices](#) to expand their reach.

Ultimately the path to privatisation is paved with undermining, underfunding, reputational manipulation, artificially competitive processes and some good old softening up and development of influence.



Where to from here?

Privatisation as a process and an outcome really only benefits those who hold the corporate power (including shareholders). If we are to achieve a country where the needs of community and nature are more important than the wants of the markets and money, we're going to need to rethink how we enable and facilitate the public good. **Putting a stop to privatising the things we hold dear to a good life and a good society, putting a stop to privatising our most vulnerable moments as humans, is going to be essential to creating an Australia reMADE.**

The sliver of silver lining from covid is that we are starting to talk more about what a good life looks like and as a community we have less patience for the rhetoric of markets and money.

Sure, we're worried about jobs and whether the new covid economy will support us, but we're also asking questions about what sort of jobs? Who decides what important work is? What kind of capacities do we need to protect each other and our democracy?

All over the world there are examples of people and communities taking control of the public good, from street pantries to new ways of doing democracy nationally. In Part 3 of this series on the public good we look at some examples, dream up some of our own and examine who is responsible for providing the public good: who should receive it and what are the different ways we can achieve it?


If ever there was a time for reMAKING, it is now.



Reflection questions



www.australiaremade.org
info@australiaremade.org



We'll be exploring more of these questions in Part 3 of this series. If you have other questions or suggestions, please [get in touch](#).

1. **Who should provide the public good and how?**
2. **What role does business have in providing for the public good?**
3. **Is government the only alternative to corporate provision?**
4. **We've identified eight categories of marketisation of the public good (private ownership, outsourcing, imposing fees, privatisation of space, vouchers, public/private partnerships, corporate subsidies, competitive regimes). Can you think of others?**

Lead Author Millie Rooney, with the Australia reMADE team

Living, loving and working across this country, we respectfully acknowledge the Traditional Owners of the land and their continuing connection to land, waters and community. We pay respect to elders both past and present.