

Warning, NSW: Companies like Serco aren't your real friends*

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The New South Wales election is weeks away and privatisation is a key issue of concern for voters. Liberal opposition leader Barry O'Farrell, the likely next premier, leads a team that openly talks about restructuring the ways in which public assets could be sold.

It's possible that O'Farrell will look to Western Australia for inspiration. But the Liberal government of Colin Barnett is facing public opposition to increasingly working with British multinational Serco in its plans to outsource key public services.

United Voice union is leading a campaign to fight the government's expected \$3 billion contract with Serco to privatise Fiona Stanley Hospital. Public protests in Perth are on the increase and union leaders tell Crikey that the sell-off move has happened without any public consultation.

Hospital support workers are introducing work bans and refusing to remove linen or rubbish, all without affecting patient care. The WA Industrial Relations Commission has ordered the union to stop the bans.

Further insecurity among staff occurred late last year when Serco acknowledged it might introduce robots to replace humans at Fiona Stanley Hospital. And Perth's Sunday Times obtained a document that showed Serco was likely to gain access to medical records.

It's not dissimilar to recent reports that the leading American arms manufacturer Lockheed Martin will be recording and processing census information this year in Britain, Scotland, Northern Ireland and Wales. As one activist wrote: "Having companies like this deal

with public census data is rather like having Monsanto carry out your gardening."

Many West Australians told me last week in Perth they worried about Serco gaining access to intimate, personal details and wondered why the Barnett government was so keen to allow them to do it. Liberal politician Troy Buswell has praised Serco in parliament as a model corporation and reportedly meets regularly with Serco representatives in the state.

The truth remains that Serco is a deeply troubled company. A 2006 British investigation found that Serco was part of a consortium that had milked taxpayers of tens of millions of dollars in the running of hospitals in Norfolk and Norwich.

Western Australia's Community and Public Sector Union secretary Toni Walkington tells Crikey that both Essential Media Communications and her own union have conducted opinion polling this year and found overwhelming public backing to keep public services (prisons, child protection, etc) in public hands.

"The main driver for privatisation is the Chamber of Commerce and Industry WA," she said. "The organisation repeatedly calls for more contracting of the private sector to deliver public services. Premier Colin Barnett is a former CEO of the CCIWA."

Walkington argues that a wealth of research backs the claim there is a reduced standard of services when privatised, as well as the profit motive superseding fair treatment of clients.

Take the firm's running of the country's detention centres. Activists in Perth last weekend detailed

to me an alleged litany of breaches by Serco in remote centres where public access is close to impossible. These allegations included physical abuse of refugees, massive overcrowding, stealing of toys for children if Serco guards believe they should be more “equitably distributed” and deep mental trauma of largely untrained Serco staff unable to cope with asylum seeker frustrations.

Critics say all the federal government does is think of ways to fine Serco for alleged “breaches” rather than dealing with the structural problems.

Walkington worries it will be no different in other workplaces if the company expands its presence in Australia. She tells Crikey the lack of accountability and locked-in contracts will only increase if details about hospitals and other services can’t be accessed through the parliament: “The WA government continues its declared agenda to reward its business supporters through lucrative contracts to deliver public services despite clear public opposition and early adverse consequences for our community.”

In Western Australia, the Labor opposition has also long backed privatisation though now claims it is less supportive than the Liberals. Like in NSW, this creates a political atmosphere of bi-partisan desire for corporate largesse.

The Barnett government is currently considering a massive expansion of privatised services, including the parole system. There are real concerns that a profit-driven company, as has happened with similar programs in the US, will deliberately exaggerate client problems to gain more money.

Deaths in Custody Watch Committee spokesman Marc Newhouse told me last weekend in Perth that privatised prisoners could become a valuable commodity for Serco and the state would have little ability to discover whether cover-ups were taking place (as happens routinely in the detention centre system).

But none of these issues apparently bother the Serco hierarchy. Chief executive Christopher Hyman told London’s Daily Telegraph last

week that overseas markets will “underpin” growth in the coming years as David Cameron’s government cuts costs.

Around 40percent of Serco’s revenue comes from overseas projects, including in Africa, Australasia and Asia. According to Hyman, “they [international governments] love seeing the Brits wherever you go. They think we have clever ways of doing services.”

It was a position shared by David Brockton from Espirito Santo. “Serco’s relatively low margin and the critical nature of its front-line services should ensure it can continue to generate attractive earnings growth,” he told the Telegraph.

Britain’s Channel 4 program Dispatches discovered in a new report that the heads of companies such as Serco and G4S are making a killing from the outsourcing of public services, seemingly immune from the large swathe of government cuts as governments create a market for outsourced services.

With the Orwellian named Serco Institute “advising” the NSW Liberals on ways to manage the state’s budgetary issues by sacking many in the public service and privatise services for greater “efficiency”, pro-privatisation sharks are circling O’Farrell’s office.

“Privatisation is unpopular, it’s always unpopular,” an unnamed adviser who has worked on several privatisations told The Australian.

Imperial historian Niall Ferguson wrote recently about outsourcing and could have been whispering to O’Farrell personally: “Privatisation: a policy that has been a huge success nearly everywhere it’s been tried.”

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