

Contracting public services

One of the most controversial changes now confronting librarians in the public sector is compulsory competitive tendering (CCT). Sometimes called contracting out, CCT is being widely introduced across Australia, as well as in Europe, the USA and the UK. It has quickly spawned both evangelical supporters and fierce opponents here and overseas. Whichever camp you are in, however, it is difficult to deny that CCT is one of those management tools in danger of becoming a fad. It seems clear that its adoption by some organisations is based more on fashion or ideology than on any rational, considered assessment of its potential benefits.

Opponents of CCT point to it as a failed policy from Thatcherite Britain. In the late 1980's, UK councils were ordered to open up a range of local government services to competitive tendering. The Government argued savings of at least 20 per cent would eventuate from allowing private contractors to compete for work traditionally done by local councils. While fierce controversy surrounds measurement of the actual outcome, independent studies by the Centre for Public Services and the University of Birmingham found real savings of less than six per cent. At the same time, the studies calculated overall job losses at about 20 per cent. And, overwhelmingly, employment conditions for those working under CCT were severely reduced.

Alternatively, a competitive tendering and contracting study project by the Graduate School of Business in the University of Sydney takes a more positive view. It argues that, when properly implemented, CCT can yield strong efficiency gains and improvements in quality. In their report *The Contracting Casebook: competitive tendering in action*, AGPS, ISBN 0 644 43124 5, project members assert that many unnecessary complications are raised by opponents. The decision to contract out in the public sector, they say, should be a simple one: contract out when it is more efficient or effective to do so,

just as the private sector does. In assessing suitability for CCT, three conditions must be satisfied according to the report. First, can potential suppliers be identified and do they meet essential criteria of financial and production experience and capability? Second, can provision of the particular service be made genuinely competitive by tendering processes? And third, are the costs of CCT (or transactions costs, as they are sometimes called) greater or less than the potential benefits?

The report contains detailed case studies of contracting out in a range of Australian public sector bodies. It claims they prove beyond doubt that public and private sectors organisations can work smoothly together to achieve mutual benefits. In particular, the study suggests that, even where work is retained in-house, the discipline of contracts and competitive behaviour can bring valuable gains in performance within public bodies. For ALIA members facing CCT or contracting out, the report should be compulsory reading.

The debate about CCT is clearly far from over. But more and more librarians, especially in local government, will have to confront the topic in the near future. Perhaps more light will be shed on the controversy by the forthcoming major inquiry by the Industry Commission *Contracting Out by Public Sector Agencies*. The Federal Assistant Treasurer has directed the Commission to report by the end of 1995. The inquiry will investigate, among other things, the nature, extent and scope of contracting out by the three tiers of Government, the costs and benefits (with reference to value for money, quality and accountability), the implications for terms and conditions of employment and what measures are necessary to promote more cost effective approaches to contracting. Submissions are now being taken. All public employees and their organisations will await the Commission's findings with keen interest.

*Phil Teece
Manager, Personnel
& Industrial Services*

Australia wide library supplies a speciality

Cassettes, Compact Discs

Classical, pop, jazz, country and western easy listening, ethnic, ambient, children's and spoken word on CD and cassette. Over 50 000 titles (classical and non-classical) available on compact disc.

We provide your library with a complete service. We discuss your requirements and provide free detailed submissions. Alternatively we can supply goods from your listing. Naturally all sound recordings are sales tax exempt and we give you a discount, as well.

Whether you are planning to buy now, or later, we welcome your enquiry. References from other libraries readily given.

Printed Music

Tarantella also supplies classical and non-classical sheet music, vocal scores and pocket scores.

TARANTELLA

PO Box 44, Gordon, NSW 2072

Telephone (02) 498 3711

(Frank Morrison or Don Frew)

Going to Synergy in Sydney 1995?

Ferntree is!

Visit us at Stands 31/32, we will be demonstrating our

Library Management Systems

Ocelot & Voyager
and

Information Management System

Structured Information Manager.



FERNTREE
COMPUTER CORPORATION

Phone: 1800 33 5067

Melbourne: (03) 9562 7028

Fax: (03) 9543 3671

Ferntree Computer Corporation Limited
A.C.N. 006 99 5893