

Secret Government Plan to end Big Bureaucracy

A report to the Victorian Government recommends changes to the way government services are delivered

The industrial umpire has ordered the state government to hand over a secret review of Victoria's finances believed to recommend further public-sector cuts, asset sales, privatisation and outsourcing.

But the government is fighting the Fair Work Australia ruling, saying the review - headed by Kennett-era Treasury secretary Mike Vertigan - is a cabinet-in-confidence document and exempt from scrutiny.

Fair Work had given the government until 10 o'clock this morning to provide the review and other documents detailing job losses for government departments.

It ruled that the Community and Public Sector Union was entitled to scrutinise the documents because the government had referred to them as evidence in Fair Work hearings relating to a wage battle with the union.

But Fair Work last night agreed to adjourn a hearing of its full bench until May 24 after the government asked for extra time to prepare its case.

The review's interim report concluded that, even after adjusting for stimulus spending linked to the global financial crisis, spending had been growing at an unsustainable pace.

It warned that by 2015-16 the government would be unable to meet ongoing expenses such as wages without resorting to debt.

Treasurer Kim Wells said a decision about whether to release the final Vertigan report would be made "at another time", suggesting further efforts to cut spending could still be in store. "We have a range of options ahead of us," Mr Wells said.

CPSU Victorian secretary Karen Batt said Fair Work Australia had agreed that the documents should be provided because they had been frequently cited as evidence by the government in the arbitration process.

A spokeswoman for Mr Wells said the government had advised Fair Work Australia that the documents were cabinet-in-confidence and were exempt.

A secret audit commission report calls for a revolution in the way government services are delivered, with charities and private businesses taking responsibility from bureaucrats.

The report to the Victorian government details budget savings of at least 2 1/2 times the size of the \$2.2 billion Ted Baillieu's Coalition has so far announced to stabilise the state's finances.

Conservative governments in Victoria, NSW and Queensland have all appointed audit commissions to advise on budget savings, while Tony Abbott has promised that a federal Coalition government would conduct such a review as one of its first steps.

The final recommendations of the Victorian review, delivered to the government in January, were so controversial that the Baillieu government has suppressed it and instead appointed another taskforce, including secretaries of the Premier's Department and Treasury to review its findings.

The state's Independent Review of State Finances was headed by former Victorian Treasury secretary Mike Vertigan and included Ian Harper, the former head of the Fair Pay Commission, and the former secretary of Tasmania's Treasury, Don Challen.

The final report borrows from the "big society" plans of David Cameron's government in Britain, which has sought to get charities and volunteers to take over the delivery of government services.

Officials associated with the review say that, wherever possible, the government should get out of directly delivering services, such as welfare, early childhood education and housing. Rather than simply outsourcing government functions, it calls on the government to create competitive markets so that charities and other private bodies would bid for government contracts.

The report says state government should retain no more than a residual capacity to provide services to cover a potential failure by a private provider.

In the case of welfare services, the government would have to make an investment in helping charities acquire the systems and skills to bid, and would work through a major charity, such as Mission Australia, as head contractor.

The report supports the idea of establishing "individual benefit accounts" for clients of the Human Services Department, which would provide funds that could be spent only on a defined range of services including rent, public transport and health. There would be less involvement from case managers.

In the case of housing, the report urges that the state foster the development of public-housing associations to take over the ownership and management of assets.

The report also recommends that the state government wind back direct provision of kindergartens and early childhood education, and instead commission outside parties to deliver them.

One of the problems with government ownership of the assets associated with public services is that maintenance is "regularly neglected.

In the Victorian court system, a private consortium owns the County Court building in central Melbourne and supplies many of the court-related services, although the judiciary remains independent.

The Supreme Court, by contrast, is run by a council of 400 judges who make all decisions about how the court operates, including the management of a court fund. The report urges that the model of the County Court be extended and that greater financial accountability be imposed on the judiciary and the police.

It also canvasses greater scope for private operators in the hospital system. Already, Mildura Base Hospital, which is a public teaching hospital, is operated by Ramsay Health Care.

Although financed on the same activity-based funding model as the rest of the Victorian health system, the efficiency and attention to maintenance is superior to the public system.

The report does not suggest private operators take over government schools but does call for greater sharing of facilities between government and private schools. It also recommends consolidation of schools into multi-campus sites, to minimise the duplication of administrative services. There is a section on agencies and services that should simply be closed, including the Victorian Health Promotion Foundation, which spends about \$30 million a year on preventive health campaigns. It recommends that state government quit the aged-care field entirely, leaving what is presently a shared responsibility entirely to the commonwealth government.

It is also critical of the multiplicity of state commissioners, including for example a commissioner for emergency services, a fire commissioner and an emergency services telecommunications authority.

A controversial proposal is that responsibility for deciding where police stations are situated should be removed from the minister.

Although the police department has modelled crime figures and demographics to show where police stations should be located, in practice the government reserves it as a gift for local politicians. There are five police stations within 1 km of the central post office in Ballarat, the seat of former premier John Brumby.

The government is already implementing recommendations for rationalisation of regional offices for departments such as Primary Industries and Health.