

Are Emergency Services becoming private?

Introduction

'Privatisation: the process by which the responsibilities of government are transferred to unaccountable corporate hands' (Silverstein, 1997)

'The industrial model of government fails to work anymore ... [and] has finally outgrown its usefulness. The changes taking place are so profound that we have to go back to scratch ...' (Sturges 1996)

There is a global trend towards increasing the involvement of private enterprise in functions formerly performed by government. This 'internationalisation of privatisation is an observable phenomenon, the consequence of a range of factors such as shared ideologies and the pervasive influence of World Bank and IMF policies.' (Redgwell 1999) and now the World Trade Organisation. It is also a function of the dominance of the US economic and social agenda in the post cold-war era (Catley 1997) seen especially in the emphasis on free trade and deregulated economies. Nevertheless, pursuit of this trend is particularly vigorous in Australia and driven by the ideology of economic rationalism manifest in the National Competition Policy. The approach in Europe and the US is generally more strategic with great care taken over perceived national economic and political interests. Australia may be unusual too, in its increasing dependence on a few large consultancy firms for many of the functions of government (Correy 1999), combined with a generally weak regulatory structure. The debate is not about whether privatisation should occur, but when and how—and this despite evidence that the public are less than enthusiastic. Even justice and some emergency services are being hived off—in many cases to foreign interests—and there is much excited commentary about transferring the functions of government to private enterprise (Stugess 1996).

In this paper the term 'privatisation' does not simply cover the sale of assets. It includes a variety of other approaches to involvement of the private sector in the management of assets and performance of functions including franchising and contracting out. It is part of a broader set

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of changes to government generally known as 'marketisation' and the closely related phenomenon 'managerialism' (Kouzmin and Korac-Kakabadse 1999). This macro trend is characterised by, among other things:

- rejection of long term planning in favour of market forces
- deregulation of 'unnecessary' bureaucratic controls
- privatisation of public services
- imposition of strict spending controls on public bodies
- a general weakening of local authority power, and
- the use of voluntary controls allowing choice wherever possible

(Redgwell 1999—quoted from Bell, S., in Ball and Bell on Environmental Law. London: Wm Gaunt and Sons (1997)). We could add to this list the search for least cost approaches, a shift from a process and equity focus to an emphasis on measurable outputs, and a desire for the appearance of competition.

There appears to be nothing inherent about warnings and emergency management that makes them exempt from this general trend, and in many parts of the United States there have long been public/private sector partnerships to deal with flood and other weather warnings (Stewart 1997). This paper examines privatisation from the perspective of emergency services. It suggests that the sector is becoming increasingly private by default as the concept of emergency planning expands to include economic health, business continuity planning and community safety—and as other organisations on which emergency services rely become private or contract out services. As well, it is likely that organisations responsible for warnings and emergency services will come under increasing pressure to adopt many of the attributes associated (or assumed to be associated) with the private sector.

This is a pragmatic discussion that is not concerned with theory or ethics, with

the details of National Competition Policy (Lunn 1998, Wearne 1998, Rix 1997, Butler 1996, Thomas 1996); or whether warnings and emergency services are 'public goods' in economic jargon (explained very simply as things for which it is difficult to create a market); nor does it assume that the private sector is inherently more efficient or effective than the public sector when performing the same task in similar conditions—there being little empirical evidence for this common assertion (Hill 1996). The discussion does not examine specifically search and rescue and other specialist areas which may be prime targets for privatisation or at least for full cost recovery from users. Instead, it sets out some of the main issues associated with the trend towards privatisation and discusses the implications.

Why the fuss?

Any serious consideration of the advantages and disadvantages of privatisation needs to move well beyond the usual simple ideological assertions of the superiority of the private sector. For example, Peter Costello, the Australian Treasurer (finance minister), has asserted that there is nothing that government can do better than the private sector—although little empirical evidence for this is available (Hill 1996). And it ignores the reasons underlying the massive expansion of government this century: to wage (economic and military) wars, and as a result of private sector failures: illustrated by the 1930s depression and distributional issues. *Table 1* (overleaf) identifies some of the arguments used by both supporters and opponents, and illustrates the gulf between them. See also Kouzmin and Korac-Kakabadse (1999) for a discussion of some of these problems.

In addition to this ideological assertion, supporters of the private state argue that it will make Australia more internationally competitive and flexible, that individuals are the basis of society and should be as free as possible to express themselves through markets, which are a fairer and less contentious way of allocating resources than democratic government, there will be more scope for innovation, and no political interference. An advantage to Australian statutory

authorities and possibly emergency services is removal from control by treasuries - which in the case of England in the 1970s played a key role in the near collapse of the water sector described as all but derelict by Hassan et al (1996). An environmental example illustrates the general problem: 'Until recently taxes to tackle pollution problems faced the seemingly insuperable opposition of the [UK] Treasury to hypothecation, namely the earmarking of charges and taxes for specific purposes' (Redgwell 1999). Funds raised by charges for a government service, are removed by treasury and often allocated to other areas: they are not necessarily (or rarely) reinvested in the area which generated them. Also often appealing to government is the ability to get rid of intractable problems and the likely reduction of liability.

It is frequently assumed that privatisation equals deregulation. Although not argued in Australia, an enhanced ability to regulate was seen as an advantage in Britain, in particular with the sale of the major utilities. Much has been made of the negative environmental impact of privatisation and marketisation. Yet, taking the UK as an example there is no clear evidence one way or the other: 'the mere fact of privatisation does not necessarily entail deregulation.' (Redgwell 1999)—although the UK is of course under the influence of the European Union while Australia is party to no remotely equivalent international blocks. In some British sectors such as water, privatisation through sale has seen the creation of an independent, and by the standards of the past, a very forceful regulatory regime. This was not considered possible previously due to the conflict of interest inherent in a system where the offender was also the regulator—rather like the proposed Australian system of meat inspectors paid by meat processing companies: 'it is the fox guarding the hen.' (Australian Financial Review, 22 July, 1997. Quoted in Rix 1997)

For emergency service agencies advantages might include: increased distance from politics, the priorities of treasuries and a public sector environment which is chaotic and chronically under-resourced in many countries; greater awareness of 'core business'; and competitive pressure for continuous improvement—it could be argued however that 'competitive pressure' is being applied effectively in other ways, such as public scrutiny.

The critics of privatisation, marketisation and managerialism too may take an ideological stance (albeit often based on established theory, see Chisholm 1997),

Advantages:	Disadvantages:
Ideology/political advantage	Ideological arguments Subverts democratic processes
Increased competition & reduced costs Efficiencies gained through 'slimming down' prior to sale	Often little competition in reality
Greater consumer choice	Burden of change falls on labour Performance in high profit areas only leading to service gaps
Reduced liability Staffing flexibility	
Resolves debt problems Yields funds for other political purposes	
More innovation and performance	
Removal from treasury control	Can go bankrupt Corruption No transparency
Improved managerial accountability	Decreased accountability as normal business practice
Accountability is increased via the market	
Removal from politics Fairer allocation of resources through markets	Community obligations ignored Negative distributional impacts Govts ignoring responsibility by off-loading problem areas Loss of control of key sectors - possibly to foreign interests
Increased ability to regulate Better definition of tasks	Difficulty writing appropriate contracts
	Loss of in-house expertise

Table 1: Some advantages and disadvantages of privatisation. (This table is based on points drawn from the papers listed in the reference list in addition to comments and suggestions from other literature and colleagues. It lists a wide range of issues without suggesting that some are necessarily more important than others. Each example will be unique and involve a different set of potential advantages and disadvantages.)

arguing that society is much more than individuals and that communities and networks are essential parts of social cohesion, that competition is limited in a world dominated by increasingly few players with weak regulation, that the burden of restructuring falls on labour not management, that government should not offload difficult problems, and that community service obligations—a key rationale for emergency services—are difficult to reconcile with competition. An implicit underlying principle of Australian warning and emergency services is that they are more or less equally available to all. In any move towards privatisation an important question concerns how this universal access would be maintained.

It is also argued that competition may not achieve the stated objectives, that the 'public interest' is commonly treated as irrelevant even though it is set out as an important test of the applicability of the National Competition Policy (eg see Rix 1997, Cater 1997). More seriously, it is clear that accepted democratic processes of consultation, transparency and accountability are often ignored in the enthu-

siastic implementation of these new policies and approaches (in Australia see Rix 1997; in Britain see Redgwell 1999). To some this has echoes of earlier debates on the accountability of statutory authorities (Simms 1999), and it raises the broader issue of the rights of citizens versus budgetary efficiency.

Ways of achieving privatisation

We can think of privatisation as occurring through obvious deliberate decisions, by stealth or incremental change, or unintentionally. The categories are not exclusive, and there are many other ways of thinking about the issues, for example whether the intention is to create competition, save tax money, reduce liability, avoid awkward political problems, or to transfer responsibility for seemingly intractable problems.

Through deliberate decision:

- sale and complete handover or abandonment, the UK public utility model (for example water) is the most dramatic where the utilities were sold on the international stock market
- franchises or contracting out, e.g. some security arrangements, parts of the armed services, fire and ambulance

- the various forms of corporatisation — involving an increasing proportion of the public sector — do not themselves constitute transfer of public enterprises to the private sector. But, through changes resulting in a more commercial orientation, they are often an important step on the path towards privatisation or contracting out

Through an incremental or generally less obvious process:

- establishing alternative programs outside the public sector, e.g. landcare. Landcare is generally seen as a community rather than business based program, but if farms are businesses, then it should be seen as having a significant private sector involvement
- gradual sale or contracting out of support functions such as cleaning, maintenance, transport, data, communications, human resources, local security etc, which over time constitute a significant part of the organisations involved and typically raises the question of core business. Often this occurs without any public debate or even knowledge

Unintentional privatisation:

Privatisation may occur unintentionally or even when government resists. This is an area which has received little attention, but is probably a major contributor to the privatisation phenomenon.

- people or enterprises may want higher levels of service or a different service — perhaps one more responsive to their individual needs. The proliferation of private broadcast media and telecommunication companies in places where it was previously either a government monopoly or very tightly controlled being one outstanding example, and the massive shift from state to private schools in Australia being another. Examples falling within the ambit of this paper would include private healthcare and security firms, emergency planning by business and households, and much of the voluntary sector which is central to emergency and recovery management in Australia
- charging a fee for a specific service formerly funded from general tax revenue. This may encourage private competitors. Charging for search and rescue, as is the case in much of the US, or for the provision of security, is likely to attract profit-making providers
- the service may be reconceptualised in terms of substance, what it does, or process, how it does it, with the result that private sector activity is seen as part

of core business, with the result that most core activity is outside government organisations. For example, an emphasis on building partnerships, and on a facilitative rather than a command and control position, acknowledges that other groups play major roles

In Australia, privatisation of emergency services seems most likely to fall within the third category above, given that there is no obvious agenda to sell or contract out the full services, nor does there appear to be any clear intention to establish alternatives outside the existing organisational structure. However, emergency services may be affected by the privatisation of organisations or facilities on which they rely, examples would include many local government functions; and these may become private in any of the ways listed above. There are also many voluntary groups which play important roles in emergency management — but their roles could change significantly if government formally contracted with them for their services.

Rapidly expanding private sector involvement

Whatever our views on the advantages and disadvantages of privatisation, the emergency service sector is becoming increasingly private. This is not something announced by government or necessarily even part of government policy. Although the overarching trend in the rhetoric of Australian governance is to outsource, privatise or contract out functions in almost every conceivable area (Stugess 1996, Hancock 1998), this has yet to impact heavily on most emergency service agencies. However, police are affected especially in Victoria and

there are large companies running ambulance and fire services in many countries — in addition to general security functions. As National Competition Policy is applied more of these areas may go to tender inviting international competition from these experienced overseas companies.

The Australian emergency management sector is not being privatised by any conscious decision, rather there are trends in the sector, as well as in government generally, which make greater involvement of the private sector inevitable. *Table 2* sets out three general types of trend. One concerns trends in government, especially local government, which appear to have no direct relationship with emergency planning and management. These have seen the outsourcing or contracting out of many functions, with the result that government authorities and emergency services have found that the availability of important resources and expertise is no longer guaranteed. Some emergency service managers feel that their ability to do their work properly has been compromised by this shift to the private sector — a shift made with little if any attention to the implications for emergency management. In theory at least, the outsourcing arrangements could have been written to take account of this — and it is not clear how serious this problem is in practice.

The other two categories of trend in *Table 2* deal with what emergency planning does and how it goes about that task. The trends are about handing power and responsibility to those at risk, and about broadening the idea of what constitutes emergency planning. Power and responsibility is moving from government agencies to individuals, communities and

Trend from:	Trend to:
<i>What government does:</i>	
All activities in-house	Outsourcing many support services & creating a competitive environment
Emphasising process & equity	Measuring quantitative outputs
<i>What emergency planners focus on:</i>	
Hazards	Resilience and safety
Response	Proactive risk management
Lives and property	Plus economic, community and environmental health
Event focus	Situation focus
<i>How emergency planners work:</i>	
Telling other stakeholders	Negotiating
Command & control	Facilitating & coordinating
Problem owned by the agency	Problem owned by those at risk & responsibility is shared
Them and us	Partnerships

Table 2: Trends in, and impacting on, emergency management.

commerce; and continuity and safety planning focus more on the situation rather than the event. Individual safety remains key, but beyond that the emphasis is increasingly on maintaining economic and social continuity so that the impact of emergencies is minimised. The challenge is to encourage and support planning activity by whole communities so that businesses, non-profit organisations, households etc are able to work out for themselves what they need to do. The result of this approach may be to shift the emergency management sector from a well defined public sector organisation to one where individual households and businesses play the major role: in other words much of the activity would be in the non-government sector.

In summary, the trends outlined above are greatly increasing the involvement of the private sector and individuals in emergency planning—and are thereby by default moving the whole field towards privatisation.

This is not without its problems and challenges. One is to maintain a broad public interest agenda while working with the narrower interests of commercial enterprises. It appears that more attention could be given to the regulatory framework and to the use of legally binding contracts. Another challenge is to ensure that partnerships work and deliver (Millican 1999). The expertise of many emergency planning groups may be unsuited to a more negotiated facilitative. Although there is no question that traditional expertise is required, new skills are needed to ensure that emergency service agencies remain central and key to the field. If they do not—or if it is perceived that they do not—then the risk of (and from) competitive pressure may increase.

Conclusions

Australia governments seem unlikely to privatise or otherwise dispose of their emergency service and security functions at present. Nevertheless, emergency services in Australia are increasingly located in the private sector for three main reasons:

- the outsourcing or contracting-out of many functions on which emergency services rely
- commercial enterprises are increasingly interested in the area especially for the application of information technology
- because of a reconceptualisation of what emergency planning and management should strive for.

The obvious conclusion is that

partnerships and cooperative activity between the public sector, commerce and communities are the future, although these are not without limitations and problems (Millican 1999). The role of emergency services is likely to be increasingly one of facilitating—but this is not a lesser role. It is quite probable that it is a much expanded role requiring at least some different expertise. The trends point to this future, but empirical evidence is needed for all the points made in this conclusion.

As the acquisition of government funds continues to become more competitive, emergency services will need to demonstrate that they give outstanding value for money invested. One way of doing this is to ensure that their activities have maximum leverage and impact. Facilitating others to plan and respond—especially to plan for economic, community and lifeline viability and continuity—is likely to pay off. A similar observation would apply to warning services which need to ensure and demonstrate that their services are used to good effect. Emergency related agencies should themselves make contingency plans by preparing for a more competitive environment.

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