

## MEDIA ALERT

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## Embargoed for Release: 4 Sept 2014

### Minister for Social Services launches 'third way' public service delivery

The business sector that counts eight in 10 Australians a member, says its successful model of enterprise offers a viable alternative way to deliver public services in Australia.

According to the White Paper, *"Public Service Mutuals - A third way for delivering public services in Australia"*, commissioned by the Business Council of Co-operatives and Mutuals (BCCM), Australia should heed the European trend of turning to mutuals and co-operatives to deliver services traditionally provided by government such as disability, employment, housing, aged care and healthcare services.

CEO of the BCCM, Melina Morrison, said co-operatives and mutuals could achieve cost-efficiency and productivity objectives of public service reform initiatives which are based on increasing use of competitive markets, with the advantage of empowering individuals and communities as the members and owners of the businesses.

"Governments are transferring more and more service delivery to the for-profit sector and Not for Profit community service providers. EY estimates up to \$100 billion of services will need to be delivered in this new 'public private production system' in Australia. This transition is creating unprecedented challenges for workforce planning and fair and efficient service markets. The inherent characteristics of mutuals can help government meet the demands of consumers for real choice and control, in a cost effective way," said Ms Morrison.

In the United Kingdom this service divestment process has been dominated by the 'spinning out' of employee owned Public Service Mutuals – which now number over a hundred employing 3,500 workers and delivering billions of dollars of public services. The current divestment process in Australia provides an opportunity to adopt this alternative Public Service Mutuals approach.

Mutuals can facilitate the transfer of services from government to front-line workers. The profit reinvestment structure of co-operatives and mutuals means surpluses do not leak out but are ploughed back into the service economy and the service remains Australian owned.

Consumer owned Public Service Mutuals can help individuals to operate collectively in user directed markets, such as the National Disability Insurance Scheme (NDIS) to achieve real choice and control.

Les Hems, author of the White Paper, said, "Co-operatives and mutuals are a fundamental part of Civil Society many of which already provide public services. People with disabilities owning a Public Service Mutual will allow them to design and specify their services and negotiate with service providers to purchase services in bulk. They will be able to get better services which offer real value for money – not only for them but also for government and the tax payer."

Existing mutuals already have a strong track record of delivering cost-effective, consumer focused services.

NRMA Group CEO, Tony Stuart said, "Rather than seek to create share value for shareholders, Mutuals like the NRMA aim to deliver shared value for its members and the community, this means the profits of Mutuals are invested back into the community and our industry has historically done this very well in Australia.

“The NRMA believes that this is exactly the type of model that Australia should look to when seeking to deliver public services in a more efficient and cost effective way.”

The White Paper will be launched by Social Services Minister, The Hon. Kevin Andrews, on Thursday 4 September 2014 at Parliament House, Canberra.

**Ends.**

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If you would like a copy of the embargoed White Paper report, please email [info@bccm.coop](mailto:info@bccm.coop).

## **Media Notes**

Green Paper - [\*Public Service Mutuals: The case for a Third-way for delivering public services in Australia\*](#)

White Paper - [\*Public Service Mutuals: A Third Way for Delivering Public Services in Australia\*](#)

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