

6 December 2013

Report shifts the goal posts for public service delivery

Governments grappling with the need to cut spending but also deliver on promised user directed public services, have a solution close at hand with consumer, worker and member owned businesses well placed to deliver public social care, a new study has found.

According to the report, commissioned by the Business Council of Co-operatives and Mutuals (BCCM) and bankmecu and authored by Net Balance, there is a clear role for co-operatives and mutuals to deliver public services that are cost efficient and improve accountability and resource allocation.

“Big ticket policy initiatives like the National Disability Insurance Scheme (NDIS) are supposedly about shifting control and choice to the consumer. Co-ops and mutuals have members rather than shareholders at heart. They are a perfect marriage of the social purpose of the business with the efficiency of the private sector,” said Ms Morrison, CEO of the BCCM.

“Australia has some very large, highly experienced and successful mutuals which have been delivering a range of community services for over a century. There are 1,600 co-ops and mutuals in Australia, the Top 100 have a turnover of \$18 billion and they have a combined membership base of more than 13.5 million people. It’s a significant sector,” said Ms Morrison.

“It’s possible to extend services in the community sector, such as affordable housing, community transport, healthcare, childcare and aged care, into new or existing mutuals and co-ops.”

Report author Les Hems agreed there is potential for not only service users to form their own co-operatives but also existing small service providers to join forces.

“We also found there is potential for government and large non-profit and charity providers to spin-off mutual businesses, which engage service users and providers in control and choice,” said Mr Hems.

While Mr Hems said the debate regarding funding had stalled on the issue of where to cut spending, Ms Morrison said the focus should be on alternative models where service users can be meaningfully involved such as the use of mutual and co-ops.

“Who will ‘play’ is just as important as who will ‘pay’,” said Ms Morrison.

Ms Morrison said government reviews such as the National Commission of Audit routinely failed to recognise this sector as an important provider in the social care space in addition to the private sector, non-profits and charities, despite the fact that in the UK \$2 billion in public services is delivered by mutuals.

“Eight in ten Australians is a member of a co-operative or mutually owned business, but awareness of the business model is dismal. Our submission to the Government’s review on public spending explains

why member-owned businesses need a higher priority in the future provision of public services. The most costly areas such as healthcare offer the greatest potential.”

According to Ms Morrison recent start-ups had proven the scalability of the business model.

“The National Health Co-operative, which opened in Western Canberra three years ago has grown to a hugely successful community-owned business with 25,000 members and 24 general practitioners across seven clinics,” said Ms Morrison.

“This accounts for about seven per cent of the ACT population. Its growth rate of ten per cent per quarter defied trends and reinforced the cost and implementation efficiencies of the model. The owners of the NHC are the patients, who directly benefit from the bulk billing health services offered.

“In addition all profits are reinvested back into the business.”

The report also details how co-operatives and mutuals have the capacity to scale-up delivery, something many smaller non-profit service providers will find difficult in the new contestable environment of NDIS.

-/-/-

The full report can be found at:

<http://www.netbalance.com/sites/all/themes/netbalance/research/PublicServiceMutuals.pdf>

For more information:

Melina Morrison | + 61 410 902 656 | melina.morrison@bccm.coop | www.bccm.coop

The Business Council of Co-operatives and Mutuals (BCCM)

The BCCM promotes the role of member and customer owned businesses in the national economy and community development of Australia. Led by the chief executives of Australia’s leading co-operative and mutually owned businesses active in all areas of the economy, the BCCM represents a sector with a combined membership base of more than 13 million.

Entrepreneurs take up co-op model

Robyn Kaczmarek is one of a number of entrepreneurs using the co-op model to provide community services. Co-operative Health Care, owned by the care workers, supplies non-residential home support to the aged. Robyn’s experience working in the sector where she witnessed systemic poor service delivery and inadequate client care, led her to establish the business managed by the employees.

"The co-op model is part of our strategy to implement changes to the existing community care workforce structure. We believe that poor service delivery and inadequate client care can be directly related to the poor quality of the community care jobs. The co-operative model in the United Kingdom, Canada, and the United States, has proven it is possible to achieve consistent, reliable home support for clients by improving the terms and conditions of the community care workforce through training, increased wages, better work practices and a supportive working environment."