

# Book Review

Lyn Fraser, **Impact of Contracting Out of Female NESB Workers: Case Study of the NSW Government Cleaning Service**, Ethnic Communities Council of NSW Inc., 1997.

Reviewed by George Argyrous\*

The debate over the use of market-based systems, such as commercialization and contracting-out, for the delivery of public services has raged over the past 10-15 years. Noticeably absent in this debate, though, has been actual empirical research on the impact of these reforms. An early study on the contracting-out of garbage collection in the UK which arrived at a figure of 20 per cent cost savings has led to the almost axiomatic belief that such savings will occur whenever and wherever such market-based systems are introduced.

The Report by Lyn Fraser goes a long way to filling this void in the literature. In what should be a central document to any future discussions on 'public sector reform' Fraser meticulously traces the impact of the contracting out of government cleaning services on female NESB workers. In so doing she raises broader issues about this whole 'reform' process which no one working in this area can ignore.

In 1989 the then NSW Government Cleaning Service (GCS), which was responsible for cleaning in government schools, was placed under pressure to eliminate the financial losses it was then running. The State Government formed an agreement with the unions to raise productivity and reduce costs. These objectives were to be met through the commercialization of the service, and changes to supervision, administration, staffing, the spread of working hours, technological change, and training methods. In return, the service would remain in public hands.

Under this agreement, employment levels in the GCS were reduced from around 12,500 to 7,500 through voluntary redundancies. The remaining workforce was approximately 77 per cent female, over the age of 40 years, and nearly half of non-English speaking backgrounds (NESB). The new cooperative arrangements between the unions and management achieved cost savings in excess of the targets, estimated to be \$70 million a year. As

---

\* School of Social Science and Policy, University of New South Wales

a result the GCS turned a healthy profit of \$13 million in 1991-92, and again in 1992-93.

Despite these achievements, in 1992 the Government decided to proceed with contracting-out of cleaning services to the private sector; a decision roundly criticized at the time. Tenders were called for the contracts which were awarded to three companies: Tempo Services Pty Ltd, Berkely Challenge Pty Ltd, and Menzies International (Aust) Pty Ltd. Of significance is the fact that the GCS was prohibited from tendering for the contracts.

The story of the process by which the contracting-out of the cleaning services, which Fraser details, is of more than just historical interest. It highlights the essentially ideologically driven nature of the 'reform' process, which explains why so little empirical research has been undertaken. A Government that has settled on the objective of privatization will pursue this goal relentlessly. At first the pressure to improve the service, on the basis that it was running at a loss, was undertaken through commercialization, keeping the service in public hands. Yet when a profit was made, privatization was pursued, on the argument that profitable ventures should be in private hands, even though this meant renegeing on earlier agreement. The long-term fiscal implications of this were ignored – for a momentary gain in cost reductions, the public service lost a valuable and steady income stream. Moreover, the equity objectives of the GCS in employing disadvantaged workers could no longer be guaranteed. Needless to say, the workers interviewed by Fraser felt betrayed and cheated by the Government's renegeing on earlier promises to keep the service in public hands.

Fraser undertook an extensive study, the focus of which 'was to examine the experiences of immigrant women of NESB' (p. 20). The study comprised face-to-face interviews with 45 cleaners who had been previously employed by the GCS and then subsequently employed by one of the three private firms receiving a contract. Thirty of these interviewees were immigrant women of NESB, but in order to provide a point of comparison, five interviewees were immigrant men of NESB, five were Australian-born women, and five were Australian-born men. The average age of the cleaners was 48 years with a range from 33 years to 58 years. The language background of the NESB immigrant women included Greek, Italian, Portuguese, Spanish, German, Cantonese, Maltese, Macedonian, Mandarin, and Polish. Most had a fair or good working knowledge of English at a spoken level, and of all the interviewees over 80 per cent had at most a secondary education. The profile of the sample indicates that it is comprised of workers traditionally regarded as the most vulnerable. Given arguments that the privatization of former public services, coupled with deregulation

of the labor market, will discriminate against such workers, Fraser's study is very timely.

Although not a large scale, quantitative study, Fraser's research methodology was appropriate to the objectives of the project. Her objective was to investigate detailed changes over time, often of a qualitative type. Such issues can only be properly addressed by an in-depth, small survey design which allows the detailed histories of the workers involved to be uncovered. A large survey would only produce a thin superficial layer of data across a large number of workers, rather than the deep and complex information Fraser obtained.

In this review I will only summarize the findings, since they are extensive and cover a range of issues. Fraser gathers these findings under a number of headings. However, a general point can be made. A great deal is made of the argument that contracting out will lead to efficiency gains, through better use of resources, higher productivity, and the adoption of better technology. This research suggests that the 'efficiency' gains are not so much the result of cost reduction as much as cost-shifting: the power imbalance between the workers and the private cleaning firms has forced upon the workers unremunerated costs.

### **Information Provision**

The interviewees felt that the information provided to them regarding working conditions was too general, and they were mistrustful about its reliability. Workers with English literacy problems had to seek clarification of terms and conditions, but were left unsure of their entitlements, such as accumulated sick leave from the period when the cleaning service was still in public hands. Many workers found that in the transition to privatization sick leave entitlements had changed (for example, workers now needed a doctor's certificate or a statutory declaration in order to have a single day off), but were not clearly informed about the nature of such changes. There was similar uncertainty as to the effect of privatization on superannuation.

### **Employment levels and Hours Worked**

Thirty two of the cleaners stated that the number of workers employed in a workplace had declined. Similarly, paid hours worked according to most interviewees also declined, even though the amount of work had not changed, or had actually increased. One worker was reported to have said that 'It is worse because you have to do more work in less time. As well as

this the work is more difficult because now we have to clean fans and windows' (p. 27). This increase in the workload often occurred when members of a work-group left employment and their tasks were simply redistributed onto other members of the group. Even though employees were expected to be more 'flexible' in terms of being prepared to work broken shifts and odd hours, it appeared that the employers were not so flexible when employment conditions changed. For example, demands on the cleaners were not adjusted on rainy days where schools were more difficult to clean, or where class sizes had increased or where more furniture had been moved into a classroom. This increase in work intensity had various effects: deterioration in health levels, problems in the cleaners' household relationships as work stresses carried over into personal life, anxiety among workers, especially those cleaning schools, that the work was not being done at an adequate level, feelings of dehumanization and alienation, and anger towards employers, fellow employees and the school-children for creating the mess.

### **Job Security**

Prior to the privatization 41 of the interviewees felt their jobs to be secure, whereas after the privatization only one cleaner thought her job to still be secure.

### **Occupational Health and Safety**

In one of the more disturbing sections of the Report, Fraser discusses OHS issues. Around two-thirds of the cleaners had experienced a work related injury, illness or accident since they started cleaning. While this has always been a feature of the cleaning service, there was a perception that the rate of injury and accident had increased as cleaners were expected to do the same, or more, work in less time. As one cleaner stated 'Now we have to run more. There are more accidents because you haven't got time to think about what you are doing. You bump into things more. It is easier to get hurt because you rush and rush. You become like a robot' (p. 28).

### **Extra Unpaid Work**

Although formally cleaners were working less hours, the amount of extra unpaid work that they were required to do has increased. Again this had been evident under the GCS, often under a sense of loyalty to the public

service and the schoolchildren who would benefit from the cleaner classrooms. Under the private contractor, the proportion of cleaners who were asked to do unpaid work has increased, and this was now undertaken through a feeling of pressure and anxiety over job security; it was the employees' responsibility to ensure a job was done, even if this job could not be completed in the allocated time.

## Equipment

Approximately 78 per cent of cleaners interviewed stated that the equipment they were working with had not been updated. Again this may show up as a cost saving and increase in profitability, at least in the short term, but in fact this is actually cost shifting which may show up in two ways. One is simply a poorer quality service so that the costs are borne by the consumer, or cleaners having to work harder to make up for the deficiencies in the equipment provided. Cleaners reported that cleaning agents had been watered down and that replacement mops and cloths were not provided. Ideally efficiency gains should come about through the introduction of better and newer technology through reinvestment, thus generating real cost savings. However, where power between workers and employers is grossly imbalanced it is achieved through *intensification of work and penny pinching* on equipment and materials.

## Conclusion

The contracting-out of the cleaning service also had a number of other effects in relation to training, the ways complaints were handled through the introduction of a 'complaints book', and the differential impact of the changes on workers based on sex, ethnicity, and age. In total, the Report argues that the contracting out of government functions has 'not given sufficient attention to the social implications of the policy, focusing instead on the more immediate cost savings within individual departments or commercial units' (pp.47-48). In providing a detailed account of these social implications, which reveal the privatization process to involve cost-shifting rather cost-saving, Fraser has significantly added to the debate.

The only criticism of the Report is that it could have gone further in its implications. In fact, the separation of 'social' from 'economic' implications is one that the Report could have tried to break down. In relation to service provision specifically, the injection of extreme competitive behavior, between workers, and between workers and employers, may actually

be deleterious to the profitable functioning of a business. In service provision the 'product' depends on the specific individual and commitment to the task. Yet it is just this commitment, as Fraser shows, which competitive behavior is shredding. On the other hand, the great improvement in productivity and profitability achieved just prior to contracting-out were due to greater cooperation. Thus what appears as immediately profitable – cost-cutting by intensifying work, cutting back on investment and training, and extracting unpaid work – may in the long term prove to be counterproductive as workers no longer feel committed to providing the quality of service.

This research reveals the fallacies inherent in the arguments that under the current reform process employees and employers will be able to negotiate the terms of employment, arriving at the mix of wage rates and conditions best suited to the parties; in return for higher wages, employees may 'choose' more flexible working hours. This market model of service provision and employment conditions is predicated on the assumptions of rational agents operating with perfect information, or else rationalizing on the costs of searching for information. Fraser's research highlights the discrimination that results when such an assumption is made in dealing with a world where employees are constrained by time, money, and language barriers. In the end, it is power, not choice which determines the outcomes. Even though less than half of the interviewees had managed to increase their remuneration, the majority of these felt it 'wasn't worth the increased workload' (p. 33). The rest had suffered both in terms of wages and employment conditions.