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Government accountability for outsourced services

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Abstract

The effect of outsourcing on government accountability for public services continues to be contested. Analysts point to an accountability deficit while governments insist that accountability is retained (and indeed improved). The existence of an accountability deficit is confirmed, using examples from the Commonwealth Job Network. The government claim, that accountability remains, is best interpreted as rhetorical, as a refusal to shift blame to private contractors, even though some channels of accountability may be weakened. The claim can be seen as evidence of am increasing incorporation of private contractors into the overall structure of government.

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GOVERNMENT ACCOUNTABILITY FOR OUTSOURCED SERVICES[*]

Richard Mulgan

Abstract

The effect of outsourcing on government accountability for public services continues to be contested. Analysts point to an accountability deficit while governments insist that accountability is retained (and indeed improved). The existence of an accountability deficit is confirmed, using examples from the Commonwealth Job Network. The government claim, that accountability remains, is best interpreted as rhetorical, as a refusal to shift blame to private contractors, even though some channels of accountability may be weakened. The claim can be seen as evidence of am increasing incorporation of private contractors into the overall structure of government.

I

Over the last decade and a half, governments have increasingly opted out of the direct provision of public services, preferring instead to outsource provision to independent private contractors. Regardless of whether such arrangements achieve their aim of improving the efficiency and effectiveness of public services (and the evidence is mixed (eg Hodge 1998)), their effect on accountability has always been contested. On the one hand, supporters of outsourcing and purchaser/provider splits generally, have claimed that there is no negative effect on accountability: governments, as purchasers, remain accountable for the services they agree to buy (eg Industry Commission 1996). Responsibility may be devolved but accountability remains intact. Indeed, the supporters argue, accountability is supplemented and improved through the detailed specification of required outputs in a prior agreement or contract.

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On the other hand, academic analysts have been more sceptical, seeing definite reductions in accountability, particularly where the provider is a private organisation (Mulgan 1997, Owens 2001, Seddon 2004, Considine 2002). Private contractors are simply not subject to the same range of accountability mechanisms as government departments. Contracting out involves, at best, a trade-off between accountability and efficiency. This criticism has been taken up by some agencies of public scrutiny, notably the Commonwealth Auditor-General (eg Barrett, 1999, 2001) and various parliamentary committees (eg JCPAA 2000**,** SFPARC 2001).

The disagreement, which has simmered along for almost a decade, shows no sign of resolution. The critics still point out, with apparently incontrovertible logic and evidence, that some aspects of accountability are definitely reduced under outsourcing (Mulgan 2003, ch 5; Barrett 2004). The powers that be, on the other hand, remain convinced that accountability continues unchanged, even if responsibility is devolved. The Commonwealth Government response to the Report by the Joint Committee of Public Accounts and Audit on Contract Management may be taken as a considered expression of current government policy:

agencies remain accountable for the delivery of services even where the service delivery is provided by the private sector (*Senate Hansard* 14 May 2002, 1382).

How can this be? Is one side just plainly wrong? Or are both sides talking past each other? The solution to this analytical impasse, it will be argued, is to see the government position as rhetorical rather than as literal. The claim that accountability remains, while strictly speaking inaccurate, can be read as rhetorically meaningful, expressing the willingness of governments to retain ultimate responsibility for the quality of public services that they fund and a corresponding refusal to pass the buck to private contractors. The public still assert a right to blame governments for unsatisfactory public services provided by private contractors. Governments, for their part, while having flirted with the temptation of offloading blame on to contractors, have come to accept that the public expect them to remain accountable. The corollary is that governments have an incentive to exercise increasing control over contractors' performance.

This article begins with the case for the critics, indicating some of the major aspects of the accountability deficit under outsourcing. Illustrations will be taken

from the Job Network, the collection of private contractors who provide employment services to job-seekers. The Network is administered by the Department of Employment and Workplace Relations (DEWR) and is the major Commonwealth example of contracted services provided directly to the public. Attention will then be directed towards what advocates of outsourcing might intend to mean by denying the accountability deficit and by claiming that accountability remains and is, indeed, strengthened. In conclusion, the claim will be seen to underline the increasing incorporation of private contractors into the overall structure of government and a further blurring between the public and private sectors.

II

The question of a possible accountability deficit can initially be discussed in terms of the familiar dimensions of accountability, *who, to whom, for what* and *how* (Mulgan 2003, 22-30). From the perspective of the current debate, the *who* of accountability remains unchanged under a purchaser/provider split. Both before and after separation, the focus is on the government, either the minister or the government department, and its accountability for the service in question. Has government accountability remained or has it been diminished? Similarly, the *to whom* is also unchanged, covering the normal direction of ministerial and departmental accountability to the various accountability agencies, such as Parliament, the Auditor-General, the Ombudsman and the courts, and ultimately to members of the public.

However, the mechanism of accountability, the *how*, is somewhat altered. In answering for the actions of a private provider, the government is not in a position to issue direct instructions to the same extent as it can with a government department. Instead, dealings with the provider are mediated through the contract which sets out the services required and the procedures to be followed. The contract can specify avenues of inquiry and communication that ministers and officials may use in exercising accountability. For example, the current Employment Services Contract (DEWR 2002a 2002) stipulates that

> The Provider must give DEWR full and free access to documents and records by:
>
> (a) allowing DEWR, at all reasonable times, unhindered access to the Provider's eligible job seeker records, financial accounts and records as described in clauses 4.8 and 6, and any other documents or records pertaining to the delivery of the Services;

(b) allowing DEWR to copy the same; and

(c) providing reasonable assistance to DEWR to locate and copy eligible job seeker records, financial accounts and records, and any other documents or records pertaining to the delivery of the Services. (Part A, section 13.1).

The Contract also allows for immediate contact between the parties:

> If DEWR becomes aware of a problem it must contact the Contact Person. If the Provider becomes aware of a problem it must contact the Account Manager.
>
> (Part A, section 18.1)

Even so, in spite of their comprehensive coverage, these avenues of communication, still fall short of the largely untrammelled rights of access allowed within a government department.

Similarly, other agencies of government accountability do not normally have direct access to private contractors and must rely on what the government can tell them. Parliamentary committees, for instance, cannot directly interrogate private contractors but must rely on second-hand reports from government officials. Rights of legal redress through the courts are also significantly affected by the transfer of service provision to a private contractor (Seddon 2004, Owens 2001). In particular, because the contract is between the government and the contractor, members of the public who receive the service are not themselves parties to the contract. Public rights of legal accountability are therefore significantly reduced under the principle of privity of contract which generally confines the legal right of redress to the contracting parties. Recourse to the Commonwealth Ombudsman for those complaining against private contractors, though sought by successive Ombudsmen and supported by other bodies (eg ARC 1998), remains denied by the government. In the case of the Job Network, however, this deficiency has been partly circumvented by the fact that the contracting Department (DEWR) provides a complaints procedure for disgruntled citizen-customers and that these customers can complain to the Ombudsman about how the Department has handled their complaint (DEWR 2002b)

Auditors-general have been in the forefront in seeking public accountability from private contractors, particularly in the classic audit functions of financial compliance. Though Auditors-General lack the general rights of audit and associated

access to private contractors' accounts that they exercise over public agencies, they have strongly recommended that all government contracts provide the Auditor-General with sufficient powers to guarantee that public funds have been spent as authorised. Department of Finance and Administration Procurement Guidelines now advise that agencies

should consider, on a case-by-case basis, the inclusion of… standard access clauses… that …provide the ANAO and Commonwealth agencies with access to information held by contractors and third party subcontractors, including access to records, information and assets directly relevant to the contract performance. (DOFA 2005)

Thus, for instance, the Job Network contract specifies that the powers of access to providers' premises and documents enjoyed by DEWR officers (quoted above) should also be extended to the Auditor-General and to the Privacy Commissioner though only for the purpose of exercising their respective statutory functions (DEWR 2002a, Part A, section 13.6, 9-10) In spite of such inroads into the privacy of private contractors, however, the overall structure of public accountability faced by such actors is significantly less than that imposed on government agencies and public officials.

Perhaps the most striking deficit, however, is in the fourth dimension of accountability, the *for what* or scope of accountability, that is the matters *for which* ministers and their officials are accountable to Parliament and the public. For instance, once a service is outsourced, many aspects of the outsourcing arrangement are treated as commercially confidential and beyond the range of public inquiry. The actual details of the contracts themselves between government and provider may be protected from public scrutiny. Agencies are required to report to Parliament about all contracts over $100,000 but the information sought is restricted to a few key aspects of the contract, such as the name of the contractor, the general subject matter of the contract, the term and price of the contract, and whether the contract contains any specific confidentiality clauses. Such information, while significant, falls well short of full disclosure. Individual Job Network contracts, for instance, are not available to parliamentary committees or the public.

The rationale for secrecy is that contracts contain commercially sensitive information which, if revealed, could damage the interest of the contractors in

relation to their competitors. Private contractors, it is argued, will be less willing to tender if they know that the terms of contracts will be published, thus reducing the benefits to be gained from outsourcing to the private sector. However, as is well known, much of the information claimed to be commercially confidential does not have such a damaging potential. The claim of commercial confidentiality has often been used simply to hide material that is politically embarrassing to the government or else is information that private companies are simply not accustomed to disclose. Complaints from government auditors and parliamentary committees about the misuse of commercial confidentiality have in fact pared back some of the secrecy surrounding outsourcing contracts (Freiberg 1999, Barrett 1999, 2001). The general presumption is now in favour of disclosure rather than confidentiality. It is now widely accepted that private sector companies contracting with governments must accept a higher degree of public scrutiny than normal.

None the less, perhaps the most striking aspect of the disputes over commercial confidentiality is that they tend to centre on access to information about what governments have done, over how much they have paid to whom and for what. How much individual contractors themselves spend in carrying out their contracts is looked on as their own affair and not a matter of public interest, even though taxpayers' funds are involved. The type of fierce scrutiny given to public servants' expenditure over items such as travel expenses is not extended to members of private contracting firms. The amounts of money paid to individual members of the outsourcing contractor are treated as commercially confidential to the contractor not so much because they are sensitive information that might affect the contractor's competitive position. Rather such details are considered to be simply none of the public's business and, indeed, they appear to fall outside the range of public curiosity and public outrage.

Under outsourcing, public oversight is also reduced over conditions of employment. While appointment to positions in the public service is subject to principles of merit appointment, designed to exclude the influence of cronyism, nepotism or sexism, private contractors are not generally subject to the same expectations. Contract cleaners, for instance, are often employed on the basis of family or other personal connections even though public funds are the ultimate source of their wages. Concerns about merit are usually strictly enforced in the contacting process, to make sure that politicians and officials do not exercise undue favouritism

in the awarding of contracts. But after the contract has been awarded, the employer is generally free to follow private sector practices instead of adopting stricter public sector standards. As with other aspects of the outsourcing contracts, the focus of public interest is on the actions of government employees.

Indeed, freedom from public employment conditions is one of the main sources of savings from outsourcing, particularly in the less skilled functions such as cleaning, gardening and rubbish collection (Industry Commission 1996). Appointing one's friends and relations is much cheaper and quicker than advertising, taking up references and holding interviews. In addition, pay rates and other conditions of employment at the lower end of the scale tend to be less generous in the private sector and thus allow for considerable savings in the provision of unskilled services.

Admittedly, private employers do face some restrictions on appointment practices, for instance under anti-discrimination legislation; some further equal employment conditions can also be written into contracts. For example, the Job Network providers to whom the Equal Opportunity for Women in the Workplace Act 1999 applies must not only comply with that Act but also ensure that sub-contractors comply (DEWR 2002a, Part section 14.3). Appointment procedures in the Job Network were the subject of controversy in 2000 when religious organisations such as the Salvation Army and Mission Australia took on new staff to meet their newly expanded government contracts. Prospective employees were questioned abut their religious beliefs and were made to understand that subscribing to the religion in question was a condition of employment. After complaints were laid with the Human Rights and Equal Opportunities Commission (HREOC 2000, ch 5), the Human Rights Commissioner argued that such questions were discriminatory (*Canberra Times* 5 August 2000). In response, the relevant Minister, Tony Abbott, defended the right of religious organisations to protect their own values and beliefs and to employ their own co-religionists (*Canberra Times* 12 September 2000). Indeed, the Minister had previously been on record praising the capacity of religion-based charities to offer particularly valuable services to job-seekers (eg Abbott 1999).

After considerable consultation, the HREOC issued a statement on the application of the Human Rights and Equal Opportunity Act 1986 to religious freedom and non-discrimination in employment (HREOC undated). It declared that to require a religious test for a job is generally discriminatory under the Act. However,

exceptions are admissible where membership of the religion is related to the inherent requirements of the position and is needed to avoid offence to the religious susceptibilities of the members of the organisation. In effect, religious organisations can offer preference to adherents of their faith, provided such adherence is justified in terms of the values of the organisation and its social role.

Significantly, the Commission gave no formal weight to the objection, implicit in some of the complaints, that the application of a religious test was particularly questionable where public funds were being used to employ people providing a public service. The Commission's policy statement suggests that religious discrimination in employment is generally illegitimate (subject always to exceptions) regardless of whether the employer is publicly funded or not. The Commission has defended a general ban on religious discrimination but has not sought to given any additional weight to any supposed need to avoid such discrimination when private organisations are fulfilling public contracts. Ultimately, this incident tends to confirm, rather than reduce, the gap between public and private sector standards of employment. Public agencies remain more highly accountable for employment practices than private organisations, even when these organisations are being employed to pursue public functions at public expense.

III

In certain major respects, then, the scope of accountability, the *for what,* is reduced through outsourcing. However, the matters in question, such as levels of expenditure and employment conditions, tend to be internal to the contracting organisation. They concern the means by which the service is provided and the manner in which it is provided, rather than the quality of the service itself. That is, the accountability deficit is centred primarily on inputs and processes rather than on outputs and outcomes. In this case, the claim that governments and government agencies 'remain accountable for the delivery of services even when the service delivery is provided by the private sector', it can be argued, is primarily about the end product, the services themselves. The main burden of the claim is then that ministers or senior public servants cannot escape accountability for the quality of a service just because it is not directly provided by their own department. In the case of the Job Network, for instance, ministers and departmental secretaries are clearly not being held accountable for everything that goes on in, say, Job Futures (a commercial provider) or Employment Plus (the Salvation Army's employment organisation) in the

same way that they are accountable for what happens in their departments. The claim of unreduced accountability is clearly more limited in scope, referring to the actual service itself and not the means by which it is produced.

What, then, of this accountability for the service itself? Is it possible for purchasing governments to remain as accountable for the quality of services provided by independent contractors as they are for services provided by their own departments? Or is there an accountability deficit here too, in the end product as well as in the process by which the service is produced? Here it may be useful to distinguish between *general* and *particular* accountability (Mulgan 2003, 28). *General* accountability refers to accountability for general policy or overall performance while *particular* accountability is restricted to accountability for particular decisions. When governments claim to be accountable for public services such as employment services under the Job Network, they may be referring to their obligation to answer for the general services as a whole, for the policies and rules which determine the contracts with providers or for the general performance of contractors. Alternatively, government accountability may focus on particular accountability and the obligation to answer to individual members of the public for the quality of the service they have themselves have received from a particular provider.

Another relevant distinction is between various stages of accountability, in particular three stages of information, discussion and rectification (Mulgan 2003, 30). The meaning of these stages is fairly self-evident. Information refers to the obligation on the part of the person or organisation being held to account to answer questions and report about their activities. Discussion involves the further obligation to enter into a dialogue of explanation and justification in response to scrutiny. Rectification is the final stage set in motion when mistakes are made and includes the obligation to impose remedies and sanctions where necessary.

Beginning with *general* accountability, in relation to these three stages, can ministers and officials (i) provide the same level of information, (ii) enter into the same degree of public discussion and explanation, and (iii) impose the same remedies and sanctions in relation to the overall performance of contractors as they could if the service were provided by officials in their own departments? The answer depends, to a certain extent, on the nature of the contract itself. In relation to information (i), most service contracts specify the services required and provide for detailed reporting

of performance. The more politically sensitive the service, the more comprehensive the contract and the more extensive the information required. The Job Network contract, for instance, requires that

> the Provider must assist DEWR to monitor, measure and evaluate the delivery of the Services in accordance with the provisions set out in clauses 12.2 and 12.3, covering monitoring.
>
> DEWR will monitor, measure and evaluate the performance of the Provider's contractual obligations by collecting performance data, including data about the Provider's performance at the Labour Market Region level, Employment Service Area level, Site level, or the harvest area level against the Key Performance Indicators. (DEWR 2002a, Part A, section 12.1-2)

However, such information is merely evidence of the accountability of the contractors to government. The government's own accountability requires a further link in the information chain, the disclosure of such performance information to the wider public so that the public can hold the government accountable for the quality of its services it is purchasing. At this point, an accountability deficit emerges because such performance information is not always made readily available to the public. For instance, DEWR does not publicly reveal details about the assessments it makes of the performance of individual Job Network providers. Even with comprehensive reporting and disclosure to government, the amount of detail passed on to the public through channels such as parliamentary committees is significantly restricted and substantially less than would be forthcoming from a government provider such as Centrelink. If the public is prevented from gaining access to performance information, then its capacity to hold governments accountable for the performance is significantly reduced.

Similarly, in the case of discussion and justification (ii) . While ministers can be required to explain and justify the details of the purchasing policy, such as the general form of the contracts and how contracts are managed in general, they cannot so readily explain and justify the performance of individual contractors when the detailed information, on which such debate would be premised, is not publicly accessible. Again, within the confines of government operations, contractors may be internally accountable to departmental officials and ministers, but unless the wider public can be brought into the dialogue, the government as a whole is able to avoid

accountability. Indeed, much of the supposed increase in accountability attributed to outsourcing is similarly internal in character. Formal contracts require desired outputs to be clearly specified and they enable providers to be held clearly accountable for results. But much of this increased accountability takes place within government itself and is not translated into improved accountability of government itself unless the process is publicly transparent.

With respect to rectification (iii), the standard structure of a government department under ministerial direction allows ministers to impose immediate remedies or adjustments when policies fail or performance standards lapse. With outsourced services, however, ministers and purchasing agencies do not have similarly direct control over contractors and may not be in a position to direct the imposition of remedies or the payment of compensation in the case of mistakes. Contracts usually provide for sanctions against breaches of conditions by the contractor and even, in extreme cases, for the termination of the contract. The Job Network contracts allow for immediate termination on a number of specified grounds, such as unsatisfactory performance, breaches of the contract, liquidation or bankruptcy, or for termination at fourteen days notice for any reason (DEWR 2002a, Part A, section 18.5, 7). But such remedies fall short of the right of day-to-day direction available to a minister or departmental head in relation to members of a department in his or her charge. The extent of political accountability is therefore certainly diminished through the absence of direct control.

Particular accountability, the obligation of the service provider to answer to individual citizen-customers concerning a particular service, is also affected by outsourcing, though to a lesser extent. In relation to information (i), outsourcing contracts usually protect the rights of individual citizens to inquire about their own individual cases and to have access to any personal information held by the provider (eg DEWR 2002a Part A, section 17). Contracts can also establish procedures for citizens to enter into discussion (ii) about their cases, to register their complaints and to seek rectification (iii). The Job Network contract requires that;

> the Provider will establish and will publicise the existence of a Complaints process which will deal with Complaints lodged by eligible job seekers and employers about the Provider's services.
>
> The Provider warrants that it will publicise its Complaints process to eligible job seekers and employers.

> The Provider warrants that should an eligible job seeker or employer be dissatisfied with the results of the Complaints process, the Provider will refer the eligible job seeker or employer to the DEWR Customer Service Line for further investigation of the Complaint and the Provider undertakes to assist DEWR in the investigation of the Complaint. (DEWR 2002a, Part A, section 19. -3)

As already noted, recourse to the Commonwealth Ombudsman is not available against contractors but may be sought in relation to the Department's own handling of complaints, which is tantamount to normal access to the Ombudsman. One area of reduced accountability flows from the limited leverage available to individual Members of Parliament and their electorate officials who are often the first port of call for citizens in difficulties with officialdom. Because ministers lack the power of direct inquiry and intervention, MPs are less able to mobilise political channels to assist their constituents. Overall, however, *particular* accountability rights are less affected than *general* accountability rights.

IV

Thus, even if the claim of undiminished accountability for outsourced services is restricted to the end-product rather than the process by which the end-product is reached, the claim is not accurate. Ministers and senior government officials are simply not as accountable for the services provided by private contractors as they would be if the services were provided by their own departments. Perhaps, then, something else again is meant. Another way of interpreting the statements is to see them as a response to arguments about responsibility and blame. Critics have sometimes expressed the fear that once governments devolve responsibility for services to a separate organisation, governments will be able to engage in buck-passing and blame-shifting (eg Mulgan 1997, Funnell 2001, Hood 2002). When things go wrong, it is feared, the fact that service delivery is now in the hands of a contractor rather than the government will entitle ministers and government officials to refer any public anger over poor performance to the contractor.

Indeed, some of the original theoretical justifications for separating purchasers from providers talked of the advantages of clarifying responsibilities and associated accountability (NZ Treasury 1987). Governments would retain responsibility and accountability for policy and overall directions, while organisationally distinct

providers, whether independent government agencies or private contractors, would be held accountable for delivering specified outputs. These independent government agencies or private contractors could be given their detailed instructions but then left to get on with the job, freed from the day-to-day political interference typically foisted on government departments. For instance, in the early years of the executive agency movement (as exemplified, for instance, by the UK 'Next Steps' initiatives), ministers certainly sought to distance themselves from responsibility and accountability for operational matters (O'Toole and Chapman 1995; Woodhouse 1997). However, such a policy ran counter to long-standing conventions of ministerial responsibility and was always fraught with ambiguity. In the end, as all Westminster jurisdictions have found, ministers cannot wash their hands of liability for service provision. Whether the service is provided by a government department, an executive agency, a statutory authority or even a privatised company, governments will be blamed for service failures and, at times of public anger, ministers pass the buck at their political peril (Hood 2002).

In such a context, governments are now attempting to reassure the public that they will answer for the quality of outsourced services and will seek adequate remedies in the light of unsatisfactory performance. They will not use any loss of direct access or diminished control as a reason for passing the buck to the contractor. Thus, perhaps the key issue is not how much information is publicly available or how much control governments actually have but rather whether they are entitled to shift blame away from themselves. By claiming to retain accountability, governments undertake to accept the same degree of political risk as before and not to pass the buck.

In the case of the Job Network, for instance, the Commonwealth government is clearly concerned for the quality of the services and anxious to avoid blame for unsatisfactory performance by individual contractors. This is evident, for instance, in a number of accountability requirements already referred to, such as the establishment of internal grievance procedures, the right of disgruntled citizen-customers to appeal to the Department and subsequently to the Commonwealth Ombudsman, the regular monitoring of individual providers and the offering of incentives, such as 'star' ranking and increased business, to the best performers. In addition, contractors are required to follow a code of conduct that incorporates public service values relevant to service delivery, such as the obligation to treat members of the public ‘with fairness and respect’ and ‘to consider their individual circumstances and backgrounds’

(DEWR 2002b). Every attempt is being made to encourage private providers to act with the same degree of professionalism as that expected from public servants. The relationships between government and contractors are being seen more as networked partnerships for shared objectives than as self-interested contractual relationships (Considine 2001).

From this perspective, governments are not attempting to use contracting out as a means of dodging accountability for the end product or as a means of reducing political risk. On the contrary, they are accepting that they will be held equally to account for the end product whether it is delivered by a private contractor or a government agency. In the new environment of mixed public and private delivery of public functions, governments are aiming to choose the most efficient and effective means of delivery, whether through public agencies or through private contractors, depending on the circumstances of the individual case. Whatever structure is adopted, however, governments are still expected to retain ultimate accountability for all service provision. As demonstrated, a claim of unaltered accountability in relation to outsourced service provision is not strictly accurate, because some aspects of accountability are inevitably reduced through the use of private contractors. But governments must still accept collective liability for praise or blame even though they have surrendered some mechanisms for maintaining control of the outcomes. Ministers are no more justified in buck-passing to private contractors than they are in buck-passing to public servants. The notion that a purchaser/provider split fundamentally alters the extent of government accountability is being quietly jettisoned in response to unchanging public expectations.

This is not to say that ministers or their senior officials never engage in buck-passing. Indeed, an increase in attempted blame-shifting and buck-passing has become a familiar feature of a more open and differentiated public sector (Hood 2002). However, the public have never happily accepted buck-passing in relation to outsourced services. Ministers and senior officials are under strong political pressure to repudiate any attempt at blame-shifting and to retain collective liability. The claim that accountability is retained should be seen as a statement of such repudiation. Rhetoric, no doubt, and not strictly literally correct. However, it can be welcomed as a commitment by governments to accept liability for the quality of outsourced services. It is also a tribute to the continuing force of the conventions of ministerial responsibility.

V

Governments are seeking to minimise the relevance of the precise legal status of service providers, aiming to employ whichever type of organisation, public or private, will perform the task most efficiently and effectively. Indeed, the organisational contrast between a government department that provides services itself and a government department that combines with private contractors in a series of professional partnerships may be seen as more a difference of degree than one of clear institutional divergence. In both cases, front-line providers are controlled to some extent by ministers and departmental heads while, at the same time, they enjoy a certain level of independence. The respective degrees of control and autonomy vary between the two types of arrangement but not as sharply as might be implied by simplified pictures of unified government departments and quite separate private providers. Government departments, like other large-scale institutions, are not monolithic and do not operate under a single point of control. Personal responsibility for departmental actions is typically dispersed among the various members of the department, though they act within overall direction imposed from above. In contractual relationships, on the other hand, particularly for complex and politically sensitive services, government influence is pervasive among the staff of the contracting organisation even if the organisation that employs them is legally separate from government. Such influence goes well beyond specific terms in a judicable contract. As the Job Network indicates, contractors and their staff are being imbued with the government's general policy goals and with public service values in ways not fundamentally dissimilar from public servants.

From this perspective, expecting ministers to take responsibility for the actions of contractors is merely an extension of current conventions of ministerial responsibility. Even with departmental actions, the notion that the minister is personally responsible for all actions taken by departmental officials is a myth (Thompson and Tillotsen1999). Apart from the (exceptional) cases where the minister can be demonstrated to have been personally at fault, the conventions of ministerial responsibility merely oblige the minister, like the head of any other large organisation, to take collective blame and responsibility on behalf of the department as a whole, providing information, investigating mistakes and imposing remedies. That the minister did not know (or should not have known) about the particular action of a departmental official, while it may exonerate the minister from any need to resign

or accept any other personal sanction, is not seen as an excuse for avoiding collective responsibility on behalf of the department and the government. Indeed, taking the collective rap for actions beyond one's immediate personal control is an essential part of all leadership.

Taking the blame for the actions of contractors is simply another instance of ministers accepting corporate responsibility for actions beyond their immediate personal control but under their overall direction. It reveals the flexibility and power of ministerial responsibility, properly understood. At the same time, such acceptance implies a reinforcement and possible increase in levels of government control over private providers. As with instances departmental failure, ministers who are forced to answer for the mistakes of others will want to be assured that such mistakes do not happen again and will typically seek to impose procedures designed to prevent future recurrence. For their part, the miscreant contractors, as with their departmental counterparts, will be keen not to embarrass the minister further and will be particularly assiduous in pursuing government objectives. As a result, private contractors, such as the members of the Job Network, can expect themselves to be dragged further and further into the government embrace. Outsourcing may weaken some aspects of public accountability, especially over inputs and processes. But government accountability for results brings increased control over private organisations who contract to provide public services.

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