

H4 Consulting Brief

Unspoken Functions

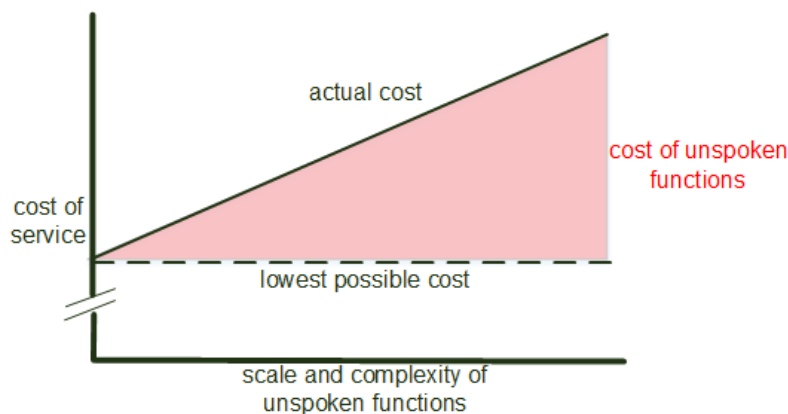
Comparisons between publicly funded organisations and private businesses with similar functions are often linked to claims that publicly funded organisations are inefficient. Publicly funded organisations, however, tend to have additional functions that are not expected of private businesses and are not usually recognised in these comparisons. These 'unspoken' functions can be difficult to resource, value, and evaluate transparently.

Publicly funded and private sector organisations operate in different contexts, and with different priorities and obligations. Private sector businesses usually have a relatively straightforward focus on profitability and return on investment. Publicly funded organisations have financial responsibilities too, but they also have other priorities and obligations that can increase the costs of providing superficially similar products or services.

Unspoken functions such as higher standards of transparency and accountability, equity of access, support for Ministers' offices, delivering election commitments, and sustaining inefficient services that are politically sensitive, all increase costs for publicly funded organisations and make meaningful comparisons with the private sector more difficult.

Some unspoken functions are valuable, or consistent with value signals sent by governments, such as targeting proportions of staff or suppliers from minority groups, or only storing data onshore. When implementation is an unspoken function of publicly funded organisations, the costs and implications of these policies may not be fully understood.

Unspoken functions can be difficult to value and resource in the absence of price or demand signals. Partial completion of a training course by a person who was unemployed for a long time, or is exiting prison, might not be the ideal educational outcome, but could have many other benefits for the person and society. Private training organisations are not expected to deliver these benefits, and publicly funded organisations are rarely funded for them explicitly.



The scale and complexity of unspoken functions that are expected from publicly funded organisations are part of the true cost and value of their services. Both the costs and the value of those functions should be recognised in fair comparisons between sectors, such as for efficiency benchmarking or to identify opportunities for the private and non-government sectors to deliver, or partner in delivery of, some functions.

Clearly defining *all* the functions of publicly funded organisations, and assigning a value to those functions, makes it possible for decision makers to weigh up the relative costs and benefits of those investments and outcomes. This creates opportunities to find better, or more efficient, ways to deliver the same functions.

Both private and publicly funded organisations strive to deliver their functions efficiently. Private sector organisations have more freedom, however, to decide the mix of functions that it will be efficient and profitable for them to offer. By clearly defining and valuing the indirect, unspoken functions required of publicly funded organisations, it becomes possible to fully assess the costs and benefits of investing in those functions.

A more nuanced understanding of the public value that publicly funded organisations create, beyond their direct services, makes fair comparisons between sectors more useful to inform decisions about how best to meet public needs. That depends on recognising that a valuable function should not be undone, just because it is unspoken.

To find out more about how you can use this approach in your organisation, contact us: info@h4consulting.com.au
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