

## **STRATEGIES FOR BEST PRACTICE: EXECUTIVE SUMMARY**

A decision to privatize a government service requires thorough analysis of the advantages and disadvantages of privatization to determine whether the public is better served by government or the private sector. The process of privatizing a service has three phases:

- Determining if it is appropriate to privatize a service,
- Determining the level of service desired from a contractor and conducting an open, competitive contractor selection process, and
- Negotiating the contract with the selected contractor and monitoring performance over the term of the service agreement.

In all phases, best practices call for transparency, open communication with stakeholders, impartial and unbiased analyses, and the development quantifiable expectations and measures for service delivery.

The decision-making process should ask: What are the problems with the existing service? What will be gained by turning to the private sector? Are there alternatives to privatization?

Privatization can be successful for services with competitive markets, with clear service delivery goals and performance criteria, and where the services involve transactions that are not irrevocable. It requires decision-makers open to the idea of privatization, a government with established privatization policies, a transparent public review process, comprehensive service transition plans, active contract management and a "recovery" plan to take over service if the contractor fails to perform.

When services such as utilities, transportation systems or parks are privatized it should be clear who owns and maintains the public facilities, infrastructure and assets. If "human services" such as child protective services or welfare services are privatized, sensitive client information must be protected and cost savings should not be achieved in ways that are detrimental to vulnerable clients. There must be contractual procedures to assure that the financial statements of the contractor are audited and reviewed on a regular basis and become part of the public record. In all cases, the public must have a way to lodge complaints about the service to the government agency overseeing the private contractor.

The Best Practices paper identifies these and other broad questions and strategies to ensure principles of good governance are followed and to enable stakeholders to participate in a meaningful way.

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