

## CHAPTER 4

### MOTIVATIONAL AND INSTITUTIONAL MODALITIES OF REFORM

#### 1. INTRODUCTION

This chapter describes and explains the motivation for reform and what institutional arrangements are made to guide and monitor reform. The first section will deal with the motivation for reform and the second half with the institutional aspects of reform.

The motivation and institutional arrangements necessary for reform will be referred to as modalities, because they are essential components of the methodology in which this thesis postulates reform need to be conducted. The nature and contents of voluntary reform in the principal reform countries will be described in order to determine what factors motivated the reform.

This chapter will indicate that the motive for reform depends on how politicians in opposition parties view the performance of the ruling party and the state of the economy. It has to do with the perceptions of politicians of factors in the external environment, which are indications that the machinery of government is malfunctioning. It would further indicate that politicians are sensitive to their socio-political environment, from which they were given their mandate to govern or to represent a particular viewpoint as a non-governing political party.

It will be indicated that institutional arrangements for reform differ in countries according to the domestic situation. For this purpose, reform in commonwealth countries will be described, with particular reference to the initial investigation into the causes for the malfunctioning of the machinery of government. It will be indicated that although the organisational arrangements to guide the reform process differ in countries, the end result, which is pursued, is always improved public management, improved service delivery, savings in government expenditure, stimulation of economic growth and a stemming of rising taxation trends.

The institutional modality relates to the organisational characteristics of reform and how reform is organised in relation to the politicians and public managers who have to direct and administer the reform process. It encapsulates the design of the reform strategy and methods to oversee the implementation thereof. Politicians and senior public servants who manage the reform process are required to compare outcomes with the projected desired state of affairs.

## 2. MOTIVATION FOR REFORM

The main pressures for public service reform in industrialised countries have been summarised as follows during a Commonwealth roundtable (Commonwealth Secretariat, 1992: 11- 14):

- to promote economic growth;
- to increase efficiency and effectiveness of government departments;
- enhance quality of services and create a customer-orientation;
- to clarify the roles of political policy-makers and administrative operations;
- reduce corruption;
- to utilise information technology for management and administrative purposes;
- to improve human resource management;
- to achieve a synergy between the public and private sectors, and
- a conviction that reform would yield positive socio-economic benefits.

Most reform initiated since the 1980's were motivated by economic reasons. (Kickert, 1997: 17) (Commonwealth Secretariat, 1995: 3). Since the early 1980's fundamental changes in governance and public management and administration (Kaul, 1997:13-14) occurred. In particular, the innovations in management and organisation structures led to the improvement of the delivery of services. Common (1998:59-56) observed that one of the most obvious trends have been the internationalisation of public management reform and the emergence of the

phenomenon of new public management (NPM)<sup>1</sup>. These observations are borne out by scholars such as Caiden (1991), Polidano (1995) and Hood (1991).

According to the Commonwealth Secretariat (1995:3), opposition parties throughout the world began to weigh up the cost of the public sector against the quality of services, towards the late 1970's. A realisation began to take root that costs were excessive *vis-à-vis* services, which were generally regarded as poor, while the attitudes of public servants were offensive. Informed taxpayers and stakeholders have indicated a limit to their willingness to purchase unattractive services through their tax contributions.

Politicians who respond to negative impulses in their socio-economic environment, often use the party political and democratic parliamentary process to have a reform processes instituted, such as was the situation in New Zealand (Matheson, 1998:349) and in Australia (Australian Hansard, 1986:1). Voluntary reform involves a national project or program, which carries the sanction of government.

Induced reform is involuntary. Institutions such as the World Bank and International Monetary Fund include administrative reform in their financial assistance as part of a structural adjustment process which consists of a loan to a country, subject to specific conditions which the country must comply with (World Bank 1993:2). Politicians and officials of the affected country are always involved in executing the induced reform.

The most serious crisis conditions, which give rise to major reorganisation, are (1976:16-17):

- the take-over of power, through revolution or otherwise, by political groups who differ strongly from those previously in office and who may consider the existing machinery of government to be an impediment to the realisation of their own policies;

<sup>1</sup> The phenomenon of new public management (NPM) will be described and explained in chapter 6.

- semi-revolutionary developments inspired by violent dissatisfaction with the operations of the machinery of government, including the bureaucracy;
- developments in the environment such as war (or threat of war), economic depression, popular demands which have strong political support (e.g. for the autonomy of regions of a country);
- the need for drastic cuts in government expenditure, traditionally a major cause for reorganisation of the public sector, and
- maladministration which leads to a change in political leadership

From the reasons which Leemans provide for administrative reform, a distinction could be made between reasons for governments to initiate voluntary reform and reform actions that were brought about and influenced by external institutions with an influence over governments, which could be termed “induced”. The difference between voluntary and induced reform will be described, with reference to their applicability to South Africa.

## 2.1 Voluntary reform

The universal administrative reform movement in public administration of the past two decades, has according to some scholars, been driven by the requirement that governments respond to fiscal pressures, brought about by changes in the international economic system and a demand for better services in a national context. (Aucoin, 1990: 235) (Keating and Holmes, 1990) (Kemp, 1990) (Hood, 1991).

Politicians are the most influential actors to identify and bring to the attention of the legislature, the need for administrative reform. To indicate the role of politicians and political parties in motivating administrative reform, the initiation of reform in the United Kingdom, New Zealand, Australia and Canada will be described. Canada is a reference case of voluntary reform, because officials

played an important role and co-operated with politicians to initiate a reform process (Swimmer, Hicks and Milne, 1994: 167-169).

### **2.1.1 United Kingdom: ideological considerations**

The reform in the United Kingdom was in essence initiated because the leader of the Conservative Party, Ms. Thatcher and the Party believed that competition and free-market forces were the most effective mechanisms to improve the economic performance of the United Kingdom, and would also make the public service perform better (Consulting and Audit Canada, 1992:9). Unlike Prime Minister Callaghan of the former Labour Government (1976-79), she was convinced that the public service was too cumbersome and that government expenditure had to be reduced. She had a resentment of the privileged elite, including the traditional senior Oxbridge class of the British public service. (Hennesy, 1990) (Doern, 1992: 12)

Ms Thatcher displayed little sympathy towards public services and had unambiguously changed Britain with her ideologically driven program of privatisation, deregulation, contracting out and trade union reform. (King, 1987) (Doern, 1992:9) When Mr. John Major replaced her as leader of the Conservative Party in late 1990, he carried her reform further. While Ms Thatcher introduced the “Next Steps” quasi-government agencies, he followed on with the Citizen’s Charter.

In his introduction to the 1991 White Paper on the Citizen’s Charter, John Major stressed that ever since he had been a local councillor in Lambeth 20 years before, his ambitions had been “to make public services answer better to the wishes of their users, and to raise their quality overall” (United Kingdom, 1991:2). He emphasised that the charter is a logical and natural component of the Thatcher era’s privatisation and contracting out policies. The Charter is “about giving more power to the citizen” and not a recipe for more state responsibilities. (United Kingdom, 1991:2).

Wilson (1991: 331) writes that the Thatcherites believed that there were simply too many public servants and that they were ineffective and inefficient. They regarded them as privileged because they enjoyed job security and were in practice over-privileged because of such factors as inflation-proofed pension schemes. According to Wilson (1991:331) the Thatcherites did not seek policy advice from public officials, but expected them to implement policies enthusiastically. They believed that the shrinking of the public sector and in particular the public service, was vital for Britain's economic recovery.

The scepticism of the Prime Minister against public servants as policy advisors required her to seek help from the private sector. Immediately after Ms Thatcher came to power in 1979, the Prime Minister's Efficiency Unit was formed, which was headed by Lord Robert Rayner, a senior executive of a British retailer, Marks & Spencer. Its task was to detect financial waste, put an end to it and to reward good management. The Unit was a catalyst to bring about changes in government through a program of departmental financial scrutinies. (Jenkins and Gray, 1993: 75)

Coincident with the Financial Management Initiative (FMI) program to improve financial management, was a deliberate program to cut back of the public service. In 1980, there were 705 000 persons employed. On 1 April 1994, there were only 533 350 (Cannon, 1994:2).

By the late 1980's sections in Whitehall were concerned that progress with the FMI and elsewhere was not fast and substantial enough. As a result the Efficiency Unit, then headed by Sir Robin Ibbs, carried out an evaluation of the reform. The report, *Improving Management in Government: The Next Steps*, (UK Government, 1988) changed the face of the British public service irrevocably. The Next Steps program sought to convert service delivery departments into quasi-independent agencies headed by a chief executive. The CEO would operate on the basis of a personal contract between the CEO and the parent department.

In the same way as Ms Thatcher was dissatisfied with the large number of officials and their performance in the public service, did the *White Paper on the*

*Transformation of the Public Service* (South Africa, 1995: 18) express the problem. The White Paper states that about one out of 30 inhabitants are employed by government, which is “extremely high” compared to other countries, and numbered 1 187 600 in 1993 (Public Service Commission, 1997: 5) The White Paper also states that productivity is low, and in many parts of the public service, inefficiency, mismanagement and corruption are widespread.

South Africa could learn from the actions taken by the United Kingdom, which in essence embrace:

- actions to reduce the size of the public service followed by concrete steps, such as the creation of government agencies and contracting out work, and
- actions spearheaded by political leadership while small assignment teams mobilised departments to implement interventions such as scrutinies, creation of government agencies and drawing up citizens charters.

### **2.1.2 New Zealand: economic rationale**

New Zealand’s worsening economic performance during the late 70’s and early 80’s prompted the opposition Labour Party to depart from their traditional role as a welfare party in opposition. They took up the challenge to constructively criticise the governing party, won the 1984 elections and lead the country out of its economic decline. In the early 1970’s New Zealand ranked 10<sup>th</sup> in the world for gross domestic product (GDP) per capita, and by the early 1980’s the country’s standard of living was placed 20<sup>th</sup> out of 24 OECD countries. (New Zealand, 1996:4).

By 1984 the New Zealand budget deficit was \$3 billion and public overseas debt was more than \$8 billion. The country was bordering on financial ruin when the Prime Minister, Sir Robert Muldoon called an early election in 1984. At that time, there was a substantial outflow of foreign exchange, which was terminated immediately after the election, won by the Labour Party of Sir David Lange.

When the foreign exchange market was opened three days after the election, the New Zealand Dollar was devalued by 20%.

According to Schick (1996:3) politicians staked their careers to change the economic dilemma of New Zealand. During their nine years in opposition, the Labour Party became convinced that government's involvement in the economy was the root cause of the problem. McGrath (1997: 50) summarised the principles, which guided the New Zealand reform as follows:

- the state must not be involved in providing services which could be performed more efficiently and effectively by private sector businesses;
- state trading enterprises would operate more efficiently and effectively if structured like private sector businesses;
- departments would function more efficiently and effectively if commercial and non-commercial functions were separated;
- departmental managers would be more effective if they were made fully accountable for efficient running of their operations, and
- the costs of state products must depend on the quality, quantity and costs of products as determined by their consumers rather than the producer preferences.

### 2.1.3 South Africa: economic situation

The primary reform motive for the principal reform countries, in the late 1970's and early 1980's to reform their public sectors, was for economic reasons. This was not the underlying motive for the proposed reform as reflected in the *White Paper on the Transformation of the Public Service* (1995) in South Africa. When the ANC alliance won the election in 1994, the economy was showing signs of growth. Since 1993/4 the public sector borrowing requirement was reduced from 10,4% of GDP to 5,9% in 1996/97.

In terms of the medium term budget policy statement (MTBPS) of the Department of Finance, 1999, the gross domestic product (GDP) grew by 14 per cent in 1995 from R484,6 billion to R548,1 billion in 1999. From 1994 to 1998, the economy grew on average by 2,7 per cent a year (South Africa, 1999:20-21).

Interest on public debt peaked at 6,4 per cent of GDP in 1996. After falling to 14,1 per cent in 1997, interest rates on long-term government debt averaged 16,4 per cent in 1998. The budget deficit has fallen from 4,6 per cent of GDP in 1995/96 to an estimated 2,6 per cent in 1998/99. National budget revenue has increased by an average of 13,5 per cent since 1995/96, while total expenditure has grown by 10,3 per cent a year (South Africa, 1999:33-36).

General government tax revenue has increased from 24,4 per cent of GDP in 1994 to 26,0 per cent in 1998. These include taxes collected by the SA Revenue Service as part of the national budget, provincial and local government taxes, unemployment insurance contributions and South African tax revenue diverted to other countries in terms of the SA Customs Union agreement (South Africa, 1999: 36).

The government has adopted the following fiscal aims for the three years covered in the 2000 budget estimates (South Africa, 1999: 37):

- to lower government consumption expenditure to 19 per cent of GDP by 2002;
- to maintain real growth in general government capital formation of 5 per cent a year;
- to reduce general government dissaving by 1 per cent of GDP a year;
- to reduce interest on public debt to 5,5 per cent of GDP by 2002, and
- to lower general government tax revenue to 25 per cent of GDP by 2002.

Personnel expenditure forms about half of consolidated national and provincial spending, excluding payment of interest on government debt. Average personnel remuneration has increased by about 2 per cent a year in real terms. The

government plans to table a new remuneration policy during 2000 for discussion in the public sector co-ordinating bargaining chamber. The policy will benefit from the certainty brought by government's targeting of inflation over the medium term. Government spending proposals envisage average personnel spending growth of about 5,4 per cent a year. Under the new remuneration policy, government aims to (South Africa, 1999:55-56):

- provide greater clarity for employers and employees on remuneration issues;
- support development of a public service geared towards better service delivery;
- attract and retain appropriate skilled personnel, and
- improve the consistency between available resources, government spending priorities and human resource development in the public service.

In 1997, remuneration of general government employees comprised 75% of consumption expenditure. According to the *White Paper on the Transformation of the Public Service* (WPTPS) (South Africa, 1995: 48-49) one of the objectives of the government was to create a smaller and more cost-effective public service. This would be achieved through a process of rationalisation<sup>2</sup>, the creation of a leaner and more cost-effective public service and contracting-out of services through partnerships. South Africa, unlike New Zealand, which was motivated by its economic decline to introduce reform as a matter of urgency, do not as yet have national reform principles to guide reform.

The macro economic strategy of the Department of Finance, GEAR, (Growth Employment and Redistribution, 1996) did not build on the 1995 WPTPS. Although it states that a careful management of the government wage bill and rightsizing program would, *inter alia*, lower the fiscal deficit from 4.5% of GDP in 1996/7 to 3% of GDP in 1999/2000, no explicit measures were assigned to government departments to adhere to.

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<sup>2</sup> This issue was described in chapter 2.

The 1995 WPTPS states explicitly that fiscal restraint has to be exercised through a reduction in the wage bill as a proportion of public service *consumption expenditure*. There is however, no evidence that neither the GEAR strategy of 1996, nor the *Medium Term Budget Policy Statement* (Department of Finance, 1997:53-61) have set targets to reduce government expenditure on the wage bill.

In 1996 the GEAR strategy set a target to reduce *consumption expenditure* from 19.5% of GDP in 1997 to 18% in 2000. The Department of Finance did not respond to the GEAR target, by decreasing the personnel budgets for the departments in order to reduce consumption expenditure. In 1997 the Department of Finance (1997:29) reported that remuneration of government employees comprises 75% of consumption expenditure. Almost 50% of the expenditure on government services, (R182,5 billion for 2000/01), will be spent on personnel (Department of Finance, 1997: 61). It could therefore be deduced that if the President had set an administrative reform target to reduce consumption expenditure through a reduction of the personnel budget, and instructed departments to restructure accordingly, that personnel budget as a percentage of government services could have been smaller.

The *Medium Term Budget Policy Statement* (Department of Finance, 1997:53-61) does not refer to the 1995 WPTPS when it states that:

- it will discharge the responsibility for some services to be delivered by the private sector and civil society to deliver some services;
- over-centralised and bureaucratic controls need to be dismantled and incentives need to be provided to keep personnel costs under control;
- right-sizing instruments need to be introduced, disciplinary procedures need to be tightened, managers need to be given greater flexibility to manage, bargaining needs to be decentralised and, tighter control over personnel budgets need to be instituted.

It is obvious that the fiscal restraint strategy as outlined in the 1995 WPTPS is normative and lacks concrete substance. The WPTPS states the strategy has to be, *inter alia*, well researched and developed in close co-operation with staff and unions to ensure that it is developmental, rather than a budget driven exercise, in order not to have a negative impact on morale and productivity. No evidence exists that this has been done. (South Africa,1995: 45-47) The WPTPS also states that the strategy would:

- “rightsize” the public service;
- produce efficiency savings and increase productivity, with a target rate for growth in productivity and efficiency savings projected at between 3% and 4%;
- adjust the remuneration structure;
- promote retrenchment, early retirement and,
- redeploy and train officials to ensure that the retrenchments are handled in a fair and sensitive way.

The Presidential Review Commission (1998: 89) reported that the rightsizing exercise has largely failed. Undesired and adverse rightsizing efforts were:

- low staff morale, productivity and motivation;
- poor service delivery and ineffective deployment of staff;
- poor departmental planning, caused by stop-start rightsizing exercises, and
- obstruction of change within the public service by some officials.

The vision for reform as espoused by the ANC government in the 1995 WPTPS has produced no evidence that progress with administrative reform has been made. It is clear from the evidence that policies of departments, such as the Department of Finance are not aligned with the WPTPS. The intentions to reform would have to be revisited and it has to be ensured that all the departments understand the reform intentions as set out in the White Paper.

#### 2.1.4 Australia: gearing up for efficient governance

In Australia, the opposition party had administrative reform on the political agenda before the elections in 1983. The main reason, which the Australian Labour Party cited for reform, was the ineffective way in which the Conservative Party of Mr Malcolm Fraser, was governing the country. The following issues were listed by the Labour Party a month before the election, as examples of ineffective government:

- low morale in the public service;
- failure of the Attorney –General to act against tax evaders which cost the country millions of dollars in revenues;
- fraud and maladministration in more than one department;
- Senators which abused of ministerial authority;
- cover-up and cheating by ministers, and
- improper electoral practices.

The Fraser Government, in an effort to improve government, appointed a Committee under the chairmanship of Mr. J.B. Reid to enquire into the state of Commonwealth public administration. The Labour Party (1983) was in contempt of the recommendations and stated that it did not produce the desired results. The Reid Report, (Australian Labour Party, 1983:4) *inter alia*, proposed the following solutions to problems of :

- corruption and malpractice, by recommending “a seminar to promote the sharing of experiences ... in matters of probity and malpractice”;
- public service morale, by recommending the retention of the present system of staff ceilings, removal of the recently won right of judicial review of improper employment decisions;
- senior appointments being more flexible and open to qualified outsiders, but without substantial proposals, and

- simply recommending more reviews, examinations, reassessments and investigations – even though one of its basic claims is that there have been far too many such reviews in the past.

On 9 February 1983, the Leader of the Australian Labour Party, Mr. Bob Hawke and the shadow Attorney-General, Mr. Gareth Evans, the party's chairman on the Task Force for Government Administration made a policy presentation to the party. (Australian Labour Party, 1983) The policy document stated the party's intentions when it came to power. Of significance were recommendations on:

- Cabinet organisation and Cabinet-caucus relations;
- internal organisation of the public service;
- organisation and accountability of public authorities, and
- relations between the government, trade unions and business.

Nine months after the Australian Labour Party won the election in March 1983, the Federal Government published its statement of intentions to reform the public service (Australian Commonwealth, 1984). The objectives with the reform, which were put forward by government, were to have an administration that:

- is more responsive and accountable;
- is more efficient and effective;
- gives all Australian citizens an opportunity to compete on merit to join and advance within it, and which provides greater opportunities for disadvantaged groups, and
- has a more streamlined and independent system for protecting the rights of staff.

To meet the objectives, the proposals focused on three areas:

- the senior public service;
- central resource allocation and review, and
- personnel policies and methods for handling grievances and appeals.

According to Armstrong (1997), the newly elected Australian government placed a high priority on administrative reform to improve public sector efficiency. Although the exercise did not entail a re-examination of the fundamental role of government, the program facilitated the devolution of authority to managers while establishing objectives for program activities and performance management. In 1984, the Financial Management Improvement Program was launched. The key objective was to change the operating culture from one being centred on compliance with externally imposed rules, to one that encourages managers to do their best with the resources at hand. While basic government structures remained unchanged, there was considerable streamlining. In 1987, the amalgamation of departments reduced their number from 28 to 16 and some departments were transformed into government business enterprises (the equivalent of crown corporations). The three main mechanisms used to handle the reform and changes were:

- devolution of management responsibilities to line departments;
- adoption of a stronger corporate approach to senior appointments, and
- appointment of people strongly committed to reform.

On 25 September 1986, (Australian Hansard, 1986) the Prime Minister announced a new set of administrative reform interventions to improve the efficiency of the public sector. The motivation provided was mainly economic. The commodity prices of the Australian exports were declining and all the sectors of the Australian economy needed restructuring. The Prime Minister announced in particular that the efficiency of the public service needed to increase and announced, *inter alia*, the establishment of an Efficiency Unit, similar to that which was introduced by Ms. Margaret Thatcher in the UK in 1979.

South Africa could learn from the Australian Government that a reform process requires political direction and a constant involvement of politicians. The Australian political party, which won the election clearly by targeting the public service as the subject of their reform and managed a program until results were achieved. The reform program also did not resort to giving a mandate to a commission, but was simply carried through with political leadership by the head of the government. The 1995 WPTPS served a purpose in South Africa, but

political leadership and a liberal interpretation of the White Paper is essential to ensure its implementation.

### **2.1.5 Canada: diverging political and bureaucratic objectives**

In 1984, when the Progressive Conservative Party won the election in Canada, Prime Minister Brian Mulroney was determined to overhaul every aspect of government (Manion, 1991:363). He immediately ordered a review of all government programs. Senior public servants and consultants implemented the program with enthusiasm. The loyalty of public servants were retained in the beginning by treating the victims who were retrenched generously and with respect during downsizing exercises which resulted in retrenchments.

Manion (1991:363-364) writes that by 1986, the ruling party has replaced almost all the heads of departments and twenty percent of all senior managers were encouraged to take early retirement. According to Swimmer, Hicks and Milne (1995:169) the dissatisfaction among heads of departments with the discontent among public servants surfaced within the public service in the spring of 1989, in what was described by one former senior manager as a “mini-rebellion” of heads of departments. During a meeting in October 1989 of heads of departments, at Montebello, Quebec, they agreed on the need to overhaul the public service management, and career development.

The action of the heads of departments were to a large extent motivated in 1989 by two academics (Zussman and Jabes, 1989) from the University of Ottawa, who published some striking revelations on the morale of senior public service managers. This study not only revealed the level of discontent among public service managers, but also helped to galvanise the public service community of academics, senior managers and politicians in support of reform.

According to Swimmer, Hicks and Milne (195: 169-170), the heads of departments also took notice of the comments of the Public Policy Forum, a group drawn largely from the business community. They expressed their general dissatisfaction with ineffective public management and administration when they

called for a “revitalisation” of the public service. They emphasised that governments around the world are recognising that an effective public service is critical to world market success, and to lower the ever-increasing taxes and cost of public services, which the public is facing in Canada.

Shortly after the meeting, of the heads of departments in Quebec, Prime Minister Brian Mulroney announced on 12 December 1998, a major public service reform initiative. The motivation for the PS2000 reform which was given by the Prime Minister, was that the traditional institutional structures and controls were no longer encouraging “efficiency or improvements in service to the public”. It was described as complex, and in order to equip public servants for the 21 century, to function effectively in the context of continuing restraint, “fundamental changes are required to the ways in which the public service is structured and managed”. (Canada, 1989)

The reform program was named PS2000, which stood for Public Service for the year 2000, and its overall goal was to “revitalise” the public service by:

- creating a professional public service imbued with a mission of service to the public;
- recognising employees as an asset to be developed;
- devolving authority to managers and front-line workers, and
- encouraging different organisational forms, within a unified public service.

In December 1990, a White Paper: *Public Service 2000: The Renewal of the Public Service of Canada* (Canada, 1990) described the administrative regime as too complex, with a bureaucratic culture of uniformity, conformity, centralisation, and control. The White Paper stated that “A new consultative, service-oriented culture needs to be created” (Canada, 1990, 16). Objectives included a changed corporate culture and streamlined management. The personnel management system had to be overhauled to ensure that the best officials served the federal government and to encourage the Treasury Board and the Public Service Commission and to encourage innovation.

In the PS2000 White Paper, the government reaffirms its commitments to new service delivery models, particularly Special Operating Agencies (SOE's), and to empowerment and accountability. Unlike in the United Kingdom where the executive agencies became the mainstay of the reform, Canada's operating agencies were initially overshadowed by the work of the 13 PS2000 task forces. In 1992 when the Clerk of the Privy Council and Secretary to the Cabinet did a progress report on the PS 2000 program, nothing was reported on SOE's (Canada, 1992). The work of the 13 task forces were wide ranging and included issues such as workforce adaptiveness, managing change, administrative policy and the role of common service agencies, compensation and benefits, resource management and budget control, staffing, management issues and training and development.

The manager of the PS2000 program, Mr. John Edwards, explained the role of the senior public servants in the reform initiative, soon after the announcement of the initiative by the Prime Minister, when he said that it is indeed an unabashedly management-driven exercise. He further said that it is based on a gamble, namely that the senior managers could more efficiently and effectively identify the problems in the public service and improve its management and administration, than a commission. The senior managers know the problems, are capable of finding the solutions, and perhaps most important, will be around to inculcate the changes into the public service (Swimmer, Hicks and Milne, 1995: 170). The 13 PS2000 task forces, which consisted mainly of senior public officials, which had to investigate and make recommendations on a wide range of issues. It included issues, which needed innovative interventions and time to produce results, were wide ranging and included workforce adaptiveness, managing change, staff relations, staffing, service to the public and training and technology.

Some actions were led by the Progressive Conservative Party, in which Mr. Brian Mulroney played a leading role. He reduced the government expenditure and turned a \$16 billion deficit from the previous government in 1984-1985 into an operating surplus of \$ 10 billion by 1991-1992, before servicing of debts. By 1989, improvements in the government's management of cashflows resulted in savings of \$920 million since 1984-1985. (Canadian Government, 1989)

(Paquin,1994:2). This was done, *inter alia*, through cutting the operating budgets of departments, cuts in transfers to provinces, and the reduction of government projects and programs. In 1993, the budget deficit was however, still 6% of GDP and the government debt, 75% of GDP. Once the ten provincial debts were added, the total debt exceeded 100% of GDP.

During 1993, Mr. Mulroney resigned and Ms Kim Campbell became Prime Minister during June 1993. She restructured the government and reduced the number of departments from 32 to 23, with subsequent retrenchments (Caiden, Halley &Maltais:1995:92). She also introduced further budget cuts, but the public confidence was waning and the Progressive Conservative Party lost the elections in 1994.

The leader of the Liberal Party, Mr. Jean Chretien who won the elections in 1994, became Prime Minister. Mr. Chretien made some changes to Ms. Campbell's reform, but retained the idea of a smaller Cabinet. There are now 24 federal departments. The expectations are that a smaller Cabinet with fewer Ministers representing special interests will produce a better balance between spenders and cabinet oversight. (Canada, Treasury Board Secretariat, 1994: 6). Chretien named a former senior federal public servant, Marcel Masse, President of the Queen's Privy Council, Minister of Intergovernmental Affairs and Minister responsible for Public Service Renewal. (Paquin,1994:2)

One of the first objectives of the Liberal Party was to reduce the combined Federal and provincial deficit of 9.6% of GDP. A committee of ministers reviewed the programs of each department and decided what to terminate and with what to continue. By 1998/99 the deficit to GDP ratio was 3%. Program spending of \$122.6 billion in 1993/4 was reduced to \$105.5 billion in 1998/99. The operating balance, the difference between budgetary revenues and program spending, moved from a deficit of \$4.0 billion in 1993/4 to a surplus of \$35.0 billion in 1997/98 Smith, 1997: 35-39).

From the action above, it is clear that decisive political leadership contributed towards the economic reform of Canada. By 1996, the government of Canada had

refocused the reform process. (Massé,1993) These actions by politicians clearly indicate that they could have an effect on budgetary issues, over which officials have less control. Politicians have a final say over government projects and programs and they can effectively intervene to satisfy the demand of voters for less taxes and government expenditure.

The reform in the public service, which was driven by the task forces, was not as successful as those actions, which the politicians took to reduce the budget deficit. A number of problems with the implementation of PS 2000 were reported by the Auditor-General in 1992 (Canada, 1992 (a)) as:

- uneven progress between departments, because each departmental head had responsibility for determining the nature and pace of reform, based on the challenges and opportunities;
- demands on the heads of departments which were people-orientated and client-focused and difficult to sustain, and
- lost of initial enthusiasm and the slowed down momentum.

The formal responsibility for monitoring PS2000, which vested in the Secretariat in the Privy Council Office, ended when the Prime Minister who launched the program resigned in 1993. Oversight was transferred to the Principal of the Canadian Centre for Management Development. Prime Minister, Campbell, challenged the continuing viability of PS2000 in 1993, mainly on the grounds of the budget deficit and the debt of the government, which did not improve and introduced measures to downsize the public service. The retrenchments affected the integrity of the reform program and made some public servants doubt the purpose of PS2000 (Caiden, Halley and Maltais.1995:92-93).

In 1993, the Auditor General (quoted in Massé, 1994:4) in his report noted that progress was made in some areas, but pointed out the following problems:

- mixed messages and a lack of clarity from the outset;
- communication were ineffective and expectations too high, and
- insufficient and unreliable commitment from the political level of government and to some extent from the top levels of senior management.

South Africa could learn from the Canadian experience in several respects. Firstly that the actions of the politicians in Canada, made a decisive contribution to get the fiscal situation of the government on a sound footing. Secondly, the initial communication of Prime Ministers Mulroney and Cambell to motivate administrative reform was, however, not clear. They should have made it clear that the reform actions were directed at getting rid of government debt and to reduce the budget deficit. The work of the 13 task forces was not directed towards the goal of economic reform. It can therefore be argued, that unless the reform objectives are clear and quantified, where necessary, officials would be unable to attain reform objectives. It could further be argued that politicians have the political mandate to ease the tax burden of the electorate and only they have the authority to decide which programs to terminate in order to effect savings.

## **2.2 Induced reform**

The International Monetary Fund (IMF) and the World Bank are world financial institutions, which assist countries in a financial crisis. This applied to most of the Sub-Saharan countries after 1970. By 1991, there were fifty-seven Bank-supported operations in Africa. (World Bank, 1994:1) The role of the IMF is to encourage countries to correct their macroeconomic imbalances, reduce inflation and undertake trade, exchange and other market reform towards sustained economic growth. The World Bank provides long term Structural Adjustment and Technical Assistance Loans to countries in need assistance.

Structural adjustment lending is non-project lending aimed at bringing about policy and institutional change to modify the structure of the economy to promote sustained growth and maintain balance of payments stability. (Coetzee and Jahed, 1993:80) Whenever the World Bank makes a Structural Adjustment Loan, the

public service reform package is standard, with some flexibility options (World Bank, 1994: 1). With regards to Structural Adjustment Loans, the Bank focuses on retrenchment to reduce remuneration expenditure and reform pay and employment policy for greater efficiency/productivity of the public services. Technical Assistance Loans focuses on the dual purpose of building institutional capacity and physical implementation of projects/reform programs.

The reform packages of the World Bank and conditions of the IMF (IMF, 1997: 5) are generally perceived by member countries as being imposed upon them. “They have resulted in a uniform and simplified model of reform being introduced, based on the prejudices of international experts and in which the uniqueness of each country’s historical and socio-cultural circumstances are ignored”. (Fofana, 1995: 1). Corkery and Land (1995: 8) argue that because the reform programs are funded by external agencies, they are influenced by donor preferences. It may be argued therefore that induced reform through institutional agencies provides focussed reform, but that it is prescribed and does not necessarily acknowledge the specific circumstances in a country.

Induced reform takes place when institutions such as the World Bank, International Monetary Fund and the European Union propose reform to countries to assist them in a financial crisis or to promote economic development. In such situations, countries are encouraged to start with reform as part of a structural adjustment process. At the end of 1991, there were sixty-one World Bank supported operations in Africa (World Bank, 1993). Notwithstanding the positive outcomes of reform initiatives that were introduced in such instances, with a few exceptions, reform in Africa cannot be compared to the reform in the principal reform countries. Administrative reform is difficult to realise without substantial improvements in accountability, transparency and the rule of law (Schiavo-Campo, 1996: 10-13). This clearly indicates that political leaders must understand the need for reform and take a lead to initiate it.

In Sub-Saharan Africa, structural adjustment programs do not constitute a motive for reform as perceived by local politicians. The adjustments program of the World Bank contain the same elements throughout Sub-Saharan Africa

(Fofana,1995: 7-8). It can therefore be argued that the reform interventions by the international agencies leave local politicians without intervention options to change their macroeconomic situation. They therefore have to accept the interventions as prescribed in terms of Structural Adjustment Loans, and it cannot constitute administrative reform as postulated in this thesis.

During fundamental societal transitions, such as in Eastern Europe, where the former Soviet-bloc countries are transforming from communism to democracy, a strong imperative exists to reform. Schiavo-Campo (1996: 10-13) writes that the main challenge of reform in Eastern Europe and the former Soviet Union is to reorient the state to lead and not drive. In all the countries of the former Soviet Union, except Russia, efforts are underway to create central governments, which did not exist in the past. Most countries are focusing on installing a sense of political neutrality of government employees and accountability to the legislatures. Governments in Eastern Europe are hard pressed to become transparent, accountable and enforce the rule of law. To become efficient and effective in these areas are essential to establish a market economy and to create an environment conducive to economic growth (Köhler,1999).

### 3. INSTITUTIONAL ARRANGEMENTS FOR REFORM

Politicians who want to carry out reform may either make arrangements to closely oversee such reform or be indirectly involved. In this section, the main trends in organisational arrangements for reform will be described.

#### **3.1 Main features of organisational arrangements**

In the principal reform countries, the prime minister lead the reform process from their own offices. In other countries, committees and task forces usually undertake the reform and major decisions are referred to Parliament. In Canada, the prime minister led the reform, but officials played a major role in making a range of recommendations through task forces. In this section, the various organisational arrangements will be described.

### **3.1.1 Prime minister led model**

The prime minister led model is a feature of the majority of the principal reform countries. The United Kingdom was the first country to establish the practice. In the United Kingdom and Australia, the prime minister took the responsibility to appoint someone to manage the reform process and report back to the prime minister on a continual basis. In the countries mentioned, private sector specialists played an influential role in advising the prime minister on reform. Because the United Kingdom initiated various practices, which were followed by other countries, the organisational arrangements in the UK will be described in more detail.

#### **3.1.1.1 United Kingdom**

In the United Kingdom, experts in management from the private sector were appointed to advise the Prime Minister and implement reform. The British Prime Minister, Ms. Margaret Thatcher appointed Sir Derek Rayner, former chief executive officer of Marks and Spencer, a retail chain, to head the Efficiency Unit in 1979. It comprised two public servants and three seconded industrialists with a support staff of three. Sir Robin Ibbs, a former Deputy Chairman of Lloyds Bank, succeeded him in 1983. (Commonwealth Secretariat, 1995:5) The first task of the Efficiency Unit was to ensure that financial scrutinies are carried out throughout the public service. During the scrutinies significant savings were effected. During the scrutinies, fundamental flaws in the civil service's approach to management were revealed. To deal with the management problems, the Financial Management Initiative (FMI), was introduced in 1982, to develop more efficient managerial approaches in financial management.

As a result of FMI, managers in government departments were for the first time given responsibility for managing their own budgets. Output was measured and the cost-effectiveness of their work evaluated. Managers became personally accountable for their work, as each department was required to operate within prescribed limits regarding manpower and total running costs.

Sir Derek Rayner was a pragmatist who believed that the two greatest enemies of government operations are excessive paper and ineffective practices. He did not want to defeat bureaucracy in the public service by creating another bureaucracy. He deliberately stayed away from committees as a means to get work done. (Rayner, 1984). This approach emphasises the need to involve existing human resources to effect reform. Externally imposed reform could, according to Rayners approach, actually counteract reform.

When Sir Derek Rayner was succeeded in 1983 as Head of the Efficiency Unit by Sir Robin Ibbs, (Commonwealth Secretariat, 1995:5), the Prime Minister instructed the Unit to speed up the pace of reform, by conducting an investigation with the following terms of reference (Commonwealth Secretariat, 1995):

- to assess the progress achieved in improving management in the public service;
- to identify which methods had been successful in changing attitudes and practices;
- to identify the obstacles in the institutional, administrative, attitudinal and political dimensions in the public service which were not addressed in the past, and
- to report to the Prime Minister on what further measures should be taken.

The study, under the leadership of Sir Robin Ibbs, took place between November 1986 and March 1987. The team met with ministers, permanent secretaries and officials both inside and outside the public service as well as some private sector organisations. The team visited dispersed units of central departments and regional offices and consulted people who had left the public service for other work. Thus the study reflected a broad spectrum of opinion, which was important at the later implementation stage. The recommendations of the team under Sir

Robin Ibbs, were accepted by the British government, and became known as the Next Steps Program (United Kingdom, 1988).

To implement the Next Steps Program, required a task team. It was agreed that a second permanent secretary should be appointed to the Cabinet Office as a project manager and head of the Office of the Minister for the Public Service (OMCS). A senior Treasury official, Mr. Peter Kemp was appointed for the job. The project manager would report tot the Prime Minister through the Head of the Home Public service

The Next Steps Program resulted in government departments being divided between a policy-making core and the operational part, or agency. Each agency has a chief executive officer who has to report to the minister of the department in term of a contract between his/her agency and the department. The chief executive has freedom to manage but is expected to meet performance targets. The targets are usually put forward by the agency in terms of a five year business plan (Consulting and Audit Canada, 1993:2).

South Africa could learn from the British experience in two regards:

- firstly, the Prime Minister, took a personal interest in the reform program and appointed someone to conduct a study and to report directly to her, it was therefore not left to a committee, but to someone who was to be held personally accountable and who had only a limited and prescribed period to investigate and to report,
- secondly, the implementation was done by a small team that reported to the Prime Minister, through the Head of the Home Civil Service, and was not left to a large government department.

A salient feature of the reform in the United Kingdom was the support from the prime ministers. The Next Steps Programme also benefited greatly from the visible support of Margaret Thatcher and, subsequently, of John Major. One of

the keys to Peter Kemp's effectiveness was the direct support that he enjoyed from the Prime Minister.

Besides the scrutinies and the Next Steps Program, market testing, was the third major reform drive, implemented by the Chancellor of the Exchequer. (United Kingdom 1991) It was outlined in a white paper put forward by the Treasury entitled *Competing for Quality*. (United Kingdom, 1991) As the name suggests, it requires government institutions to "test the market" to determine if all or part of their services can be carried out more efficiently by the private sector. Institutions may be required to contract out the delivery of any service. The Efficiency Unit has been given responsibility for promoting this initiative and required compliance from both new and established agencies (Commonwealth, 1995). From the reform program in the United Kingdom, it is evident that interventions followed chronologically. It was not a wide ranging number of interventions which were introduced at the same time, but objectives which were easy to understand and of which the implementation and success could be measured.

Falcon writes that the two key organisational units in the UK reform process were the Efficiency Unit and the Next Steps team. The bulk of the work was, however, undertaken in the departments. Although external forces are needed to effect change, internal forces have to be generated and harnessed to ensure that changes are sustained. (Falcon, 1992:113).

### **3.1.1.2 Australia**

Australia followed the British prime minister led reform model to a large extent, and also made use of business experts from the private sector to assist with reform. The Australian Prime Minister, Mr. Bob Hawke, appointed Mr. David Block, a strategic advisor to Coopers and Lybrand and director of a number of companies, to head the Efficiency Scrutiny Unit in 1986 (Government of Australia, 1986:2)

### 3.1.1.3 New Zealand

In New Zealand the Department of the Prime Minister played a leading role, but Treasury served as the intellectual ideas “bank” during the reform process. Treasury had repeatedly warned the previous government and provided the new Labour government with advice on how to proceed with reform (Laking, 1992:66-67). The Minister of Finance, Roger Douglas, was convinced that government’s intervention was the root cause of the economy’s poor performance and that across-the-board deregulation was essential. His views were shared by senior officials in the Treasury and the Reserve Bank (Schick, 1996:4). During the reform process, Treasury sought advice from a range of people outside the bureaucracy, such as business people, consultants and academics in New Zealand and abroad (Laking, 1996:75).

South Africa could learn from New Zealand’s Treasury in the reform process, who took a strong managerialist view to solve the lack of efficiency in government, while the State Services Commission took a more cautious attitude. The involvement and stance of the New Zealand Treasury, which supported greater managerial autonomy for public sector managers, stems from the fact that they issued reports to the previous government to the effect that its stake in the economy is too large. It recommended that government should privatise government institutions such as the Coal Corporation, Railways and Shipping Corporation (Duncan and Bollard, 1992). In the same way, the South African Treasury could more effectively direct administrative reform interventions pertaining to state expenditure than the Public Service Commission, which could more effectively advise on the overall utilisation of human resources in the public sector.

### 3.1.1.4 Canada

In Canada, the prime minister has a responsibility for the effective and efficient functioning of the public service. He has a responsibility to ensure that the public service is capable of serving the national interest and providing the services the Canadians have come to expect (Canada, 1990:39-41).

The prime minister is supported by the president of the Treasury Board, who is the minister responsible for the overall standards of management in the public service. The Clerk of the Privy Council and Secretary to the Cabinet, Paul Tellier, took charge of implementing the PS2000 initiative. The Clerk of the Privy Council had to work closely with the Chairman of the Canadian Public Service Commission, the Secretary of the Treasury Board and the heads of the departments of the two institutions (Canada, 1989).

The Privy Council Office (PCO) is the Prime Minister's department and the gatekeeper and secretariat to cabinet. It provides public support to the prime minister across the entire spectrum of policy questions and operational issues facing government. The PCO must be distinguished from the prime minister's Office (PMO) The latter is a political bureau whose tasks include managing the partisan supporters of the government and ensuring that important policy bears the stamp of the party. (Canada, 1991:4)

PCO specifies the conditions that must be met before a minister can bring a proposal to Cabinet to get the approval of his or her colleagues. This could include matters such as evidence of full consultation with other interested federal departments and agencies and a good communications plan to bring the initiative before the public as an important realisation of one of the government's stated priorities. The other duties of the PCO are to ensure continuity when governments change; it divides tasks and responsibilities amongst ministers; and gives advice on senior appointments. The PCO is always the central player when the heads of departments are called upon for major efforts such as the mission exercise of Public Service 2000 and background papers for constitutional discussions. (Canada, 1991: 5-7). A full-time manager in charge of the PS2000 program was assigned to assist the Clerk of the Privy Council, who was responsible for co-ordination and fulfilled the task of a project office. (Canada, 1989)

The Clerk of the Privy Council chaired a non-governmental Consultative Committee, whose members consisted of academicians, members of the Public Policy Forum, Association of Professional Executives of the Public Service of

Policy Forum, Association of Professional Executives of the Public Service of Canada, Institute of Public Administration and former distinguished federal and provincial public servants. The Consultative Committee received reports of the progress of the task forces and provided advice and council to those leading Public Service 2000.

Several consultative mechanisms, both within and outside government, were created to advise the political leaders of the process. The work to prepare findings and recommendations was done by ten task forces, which were headed by deputy ministers (heads of departments) and senior managers. The focus areas of the task forces were wide ranging and covered the following areas in the federal public service of Canada (Canada, 1990: 40) (Caiden, Halley and Maltais, 1995:102):

- administrative policy and common service agencies;
- classification and occupational group structures;
- compensation and benefits;
- management category;
- resource management and budget controls;
- service to the public;
- staff relations;
- staffing;
- training and development; and
- work force adaptiveness.

The members of the task forces have consulted extensively within the public service and outside. They have also met with public service unions and obtained their inputs on reform. Deputy members have invited the members of their departments to make suggestions for improving the way the work is done. All managers have been urged to encourage their personnel to think of renewal and the means of achieving it. The findings and recommendations of the task forces were made available to all members of the public service, unions and the Consultative Committee before the Government made decisions about the matters covered in the reports.

The significance of the Canadian model for South Africa lies in the involvement of the senior public manager in the office of the Prime Minister to have launched the process of reform. However, compared to the United Kingdom, Australia and New Zealand, there was an over reliance and ten task forces to improve efficiency and effectiveness in the Canadian federal public service. It is obvious from the task force topics that it was mainly concerned with issues of public management and was not output and outcomes orientated. The institutional reliance on public managers, which focussed on issues which were divorced from the macroeconomic problems such as government debt and budget deficits, caused the politicians to intervene. Ministerial committees scrapped some governments programs, which were regarded as too costly and which had direct effects on lowering the country's debt and a budget surplus. It could be argued however, that the officials could have assisted in the process, if the politicians had properly mandated the task forces and required quantified deliverables from them.

### **3.2 The Committee model**

The committee model affords the head of state a role of lesser importance in the reform process. Greater use is made of departmental and other committees with diverse membership to investigate and make recommendations to government. Austria, the Netherlands will be referenced and India described in more detail to illustrate the committee model in administrative reform.

#### **3.2.1 Austria**

In Austria the department of the Minister for Federalism and Administrative Reform is organised within the Federal Chancellery. Its main task is the co-ordination of reform projects within the federal government. In terms of the Austrian Constitutional Law, the responsibility for the implementation of any project lies exclusively with the relevant ministry (Strehl, 1997: 101-105). The Federal Minister of Federalism and Administrative Reform is the chairman of the Co-ordinating Committee, which consists of representatives from all ministries and civil servant unions. Its main function is to make submissions for government

decisions, administers the reform budget and monitors the project. A steering group makes submissions to the Co-ordinating Committee and co-ordinates the reform program regarding goals, cost and projects. Each ministry has a project co-ordinator which represents the ministry in the Co-ordinating Committee.

Each ministry has a Ministerial Support Group who supports the implementation of tasks in the ministry. The group consists of officials, which have a sound knowledge of the ministry. Each ministry has access to a consulting firm, whose main function is advising the ministerial project co-ordinator (Strehl, 1997: 101-105).

Austria, which is a constitutional democracy, conducts its reform with a high premium on constitutional correctness, committees and consensus decision-making. When Parliament adopts a reform measure, the department who introduced the proposed reform intervention does its implementation. This stands in contrast to the reform in the principal reform countries, which relies more on the political heads to lead the reform and leaves more freedom to implement reform to smaller task groups in co-operation with departments. South Africa, which has been influenced by the British Westminster model, would probably tend more towards the prime minister led model. This has, to an extent, been proved in South Africa by the President who appointed the Presidential Review Commission to review the public service and make recommendations.

### **3.2.2 Netherlands**

In the Netherlands, the Cabinet of Minister Van Agt, in 1981, introduced the concept of *heroverweging*, (reconsideration) based on the British scrutinies, to improve the efficiency of the government. The scrutinies were directed by a cabinet commission, consisting of the Prime Minister, Vice-Prime Minister and the Minister of Finance.

A Ministerial Commission of Reconsideration supervised the work of interdepartmental working groups. The Inspectorate of Central Finances, in the Ministry of Finance, prepared inventories of subjects which could be reviewed

and submitted it to Secretariat of the Public Service Commission (Verhaak, 1997:159).

Although the British model influenced the Dutch reform, the Dutch did not leave the implementation to a small team of management experts to co-operate with the relevant departments, like the British did. It could therefore be concluded that alternative institutional arrangements for reform in OECD countries, such as Austria and the Netherlands, are more centralised. South Africa must take cognisance of the alternative institutional arrangements, as it could be applied in provinces which do not have sufficient institutional capacity and which would need more prescriptive guidance.

### **3.2.3 India**

A government resolution in India initiated the establishment of an Administrative Reform Commission (ARC) during January 1966, to do an inquiry into the Indian systems of public administration. The Commission had to determine inadequacies with the objective to achieve quick reform (Dey, 1971:569-571).

The ARC consisted of 6 members. Five were parliamentarians and a civil servant, who acted as secretary. The ARC managed a considerable task force of 230 members. The Commission had 20 study teams who submitted 20 reports on 20 different sectors of administration. There were 13 working groups for specific subjects of investigation. The total number of recommendations of the ARC were more than 500 (Dey, 1971) (Narula, 1971).

Since the 1950s, five-year development plans were produced which repeatedly drew attention to the administration's lack of capacity. Subsequently, an Organisation and Methods Division was established March, 1954, under the Cabinet Secretariat of the Government of India, which, was converted to the Department of Administrative Reform. The Department of Administrative Reform came into being in March 1964, to investigate and review on a continuous, basis, the Indian machinery of government, its work methods and personnel system. The Department (in the Ministry of Home Affairs) functioned

under an Additional Secretary and had a research-complement. The functional divisions consisted of (a) Management advice, i.e. the Consultancy Division, and (b) Management Education-cum-O & M Division (Dey, 1971).

In 1966, India has not had the advantage of the lessons of experience, which emanated from the principal reform countries after their reform in the 1980's and early 1990's. The value of taking cognisance of their institutional arrangements for South African reform lies in the absence of the prime minister led model and the reliance on committees. It is obvious that a distinction could be drawn between the institutional arrangements in India and Canada, which also relied on task forces to produce reform recommendations.

### **3.3 Institutional arrangements: lessons for South Africa**

The tendency of most countries, which embarked upon reform since the 1980's, was not to rely on large commissions to conduct inquiries. Especially in the principal reform countries and Canada, small units at the centre of government have led the reform, with direct links to decision-makers at the highest levels.

The reform in most of the principal reform countries were low key, and once the process started to evolve, new interventions, which sometimes were a radical departure from current practices, were not made public. The Presidential Review Commission was established as a matter of urgency in March 1996. The PRC was officially titled: "*The Commission of Inquiry Regarding the Transformation and Reform of the Public Service*". Its terms of reference were published on 8 March 1996 (Government Gazette No. 17020), with the specific mandate to:

- inquire into the structures and functions of the public service and its statutory bodies;
- conduct an internal audit and review of each ministry, department, provincial administration, organisational component, office and agency concerning its objectives, structure, function, staffing, financing and related matters; and

- conduct a review and revision of the systems, routines and procedures of planning, budgeting and financial execution in the public service, to increase public accountability.

A total of 16 Commissioners, of which three were from industrialised countries and one from Zimbabwe, were appointed by the President. There were 18 strategic and task team members, 5 South African consultants, 5 international experts and 10 Commonwealth advisors (Presidential Review Commission, 1998). The Commission had to make recommendations and proposals regarding the transformation and reform as envisaged in the *White Paper on the Transformation of the Public Service*, (No. 1227 of 1995), published in the Government Gazette (No. 16838 of 24 November 1995). Since the 1999 elections when Mr. Thabo Mbeki became President to the first quarter of 2000, there has been no official response on the way forward, or possible implementation of the recommendations in the 1998 Report.

The grand-style Presidential Review Commission stands in stark contrast to the absence of such institutions in the principal reform countries, which embarked upon reform since the early 1980's. The silence of government on the report could be construed as significant. It could mean that the new President has its own priorities as far as the public service is concerned and will in its own time address administrative reform issues. It could be argued however, that the grand-style commission was not well received during its inquiry and that most of its recommendations did not appeal to politicians, especially among politicians who were appointed as ministers under the leadership of the new President. It could therefore be expected that President Mbeki would institute reform, without mandating a new commission.

#### 4. CONCLUSION

From the motivation for reform as described in principal reform countries, it is evident that politicians are the most important role players in initiating voluntary administrative reform. Where external institutions propose reform as part of a structural adjustment program to recover a country from an economic crisis, the

reform programs are induced and generally perceived by countries as being forced onto them.

Most reform programs are introduced by governing parties, which have just won an election. Their roles as opposition parties prepare them well in advance to observe what policies or services the governing party neglected and as soon as they come to power, reform programs are initiated. Political leaders are dependent on political and bureaucratic support for major reform within the time span available to them to govern.

The early successes of Margaret Thatcher as Prime Minister of Britain in 1979 to reform the public service encouraged similar reform in countries such as New Zealand, Australia and Canada. It could be argued that after the reform in the United Kingdom, in the early 1980's opposition parties throughout the world began to take courage to echo the sentiments of the public and obtained their political support, which led to administrative reform.

From the reform, which took place in the principal reform countries, it could be deduced that the motivation for reform has an economic rationale. The drive to improve the efficiency of the machinery of government is a motivation for reform in all countries. An efficient and motivated public service is critical for governance, production and distribution of public goods and services.

The choice of the institutional configuration to guide and monitor the reform takes on different forms in different countries. In essence, countries steer and monitor reform through two forms of organisational arrangements. The committee model or the Prime Minister led model. In the committee model, the government has direct involvement and exercises political leadership and control over reform. In the latter model, the Prime Minister initiates and directs the reform.

In South Africa, the government has not as yet motivated the reform process as having an economic rationale. The Presidential Review Commission did not emphasise the need for economic growth, efficiency and effectiveness and the

quality of services to the public as primary drivers of a reform program. The findings of the PRC did not lead to reform, but it could be concluded that President Mbeki, would initiate reform during his term of office in accordance with his perceptions regarding the necessity to change existing systems.