

**Administrative reform: guidelines for  
South Africa**

by

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**SUMMARY**

**Administrative reform:  
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**UNIVERSITY OF PRETORIA**

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## SUMMARY

The main objective of the research was to propose a definition for administrative reform and to identify essential modalities and practices which could guide South African public sector reform. For this purpose, a survey of public service reform since the early 1980's in some Commonwealth and Organisation for Economic Co-operation and Development (OECD) countries was done. From this study it was possible to conclude which administrative reform practices would be relevant for South Africa.

A new democratic political dispensation was introduced in South Africa after the 1994 general elections. The ANC led government inherited a public service, which they rationalised and transformed. There are however, dysfunctional structures and systems, mainly inherited from the previous political dispensation, which require change. This thesis postulates that the new government, which came to power in 1994, has stated its intentions to reform the public service and introduced specific programs to effect such reform.

To identify administrative reform modalities, which have a universal application but would guide South Africa through a successful public service reform process, required a comprehensive literature study. An administrative reform definition is proposed, which incorporates the following modalities:

1. a *motive* to reform which is perceived by politicians and which emanates from the socio-political environment, which requires a change from the *status quo*, towards a desired state of affairs;
2. a legitimate *institution* to design a strategy and oversee the implementation thereof and compare the outcomes with the desired state of affairs;

3. a *process* dimension which produces interventions to change imperfections and faults in the machinery of government to achieve a desired state of affairs; and
4. a *human resource element*, and in particular the attitudes of officials and politicians which direct the delivery of public goods and services.

The modalities of the reform definition is described and explained, with reference to situations of administrative reform in Commonwealth and OECD countries. Conclusions are made how the modalities could be applied in the South African situation. It was concluded that the definition, which was deduced from countries which initiated voluntary reforms, could not be applied in Sub-Saharan countries, because their reforms are induced by external funding agencies, such as the World Bank. The definition is however, applicable to South Africa, because it is an emerging economy and has more in common with most Commonwealth countries, which are voluntarily reforming their public services.

The study found that most reforms since the 1980's in the Commonwealth and OECD countries have similar characteristics, and that the reform which were introduced are known as "new public management" (NPM). The dominance of the NPM style public management and administration marks a departure from the traditional approach to the public administration paradigm, which is still prevalent in South Africa.

The research found that the government of South Africa, which came to power in 1994, has identified the need for public service reform. The initial steps to start an administrative reform lacked international best practices to ensure a successful reform. What is lacking in particular is the absence of the head of state's involvement to direct the reform. This study contributes to knowledge about administrative reform and is relevant for South Africa.

**OPSOMMING**

**Administratiewe hervorming:  
riglyne vir Suid-Afrika**

**DEUR**

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## OPSOMMING

Die hoofmerk van die navorsing was om 'n definisie vir hervorming te formuleer en om belangrike modaliteite te identifiseer wat Suid-Afrika kan lei in toekomstige staatsdiens hervorming. Vir hierdie doel is 'n studie oor administratiewe hervorming sedert die vroeë 1980's in sommige Gemenebes en Organisasie vir Ekonomiese Samewerking en Ontwikkeling (OESO) lande gedoen. Die studie het dit moontlik gemaak om tot gevolgtrekkings te kom oor watter administratiewe hervormingsmodaliteite relevant vir Suid-Afrika sal wees.

Na die algemene verkiesings van 1994 het 'n nuwe demokratiese bestel in Suid-Afrika die lig gesien. Die regering, wat deur die ANC gelei is, het 'n staatsdiens geërf wat gerasionaliseer en getransformeer moes word. Daar bestaan egter nog disfunksionele stukture en stelsels wat hoofsaaklik van die vorige politieke bedeling geërf is en verander moet word. Hierdie proefskrif postuleer dat die nuwe regering wat in 1994 aan bewind gekom het, sy bedoelings om die staatsdiens te hervorm amptelik aangekondig het, en daadweklike stappe gedoen het om sy doelwitte te bereik.

Die identifisering van administratiewe hervorming modaliteite met 'n universele toepassing, maar wat Suid-Afrika deur 'n suksesvolle hervormingsproses kan lei, het 'n omvattende literatuurstudie vereis. 'n Administratiewe hervormings-definisie word voorgestel wat die volgende modaliteite insluit:

1. 'n *motief* om te hervorm wat deur politici waargeneem word en wat spruit uit die sosio-politieke omgewing wat vereis dat die *status quo* verander word na 'n nastrewenswaardige toestand;



2. 'n *legitime instelling* wat 'n strategie moet opstel en na die implementering daarvan moet omsien om dit wat bereik is te vergelyk met die nastrewenswaardige situasie;
3. 'n *proses* dimensie wat intervensies tot gevolg het om gebreke en foute in die owerheidsmasjinerie te verander en 'n nastrewenswaardige situasie tot stand te bring; en
4. 'n menslike hulpbron element, en in besonder die houdings van amptenare en politici wat bestuur en lewering van openbare goedere en dienste verseker.

Die modaliteite van die definisie van hervorming word beskryf en verduidelik, met verwysing na situasies van administratiewe hervorming in die Gemenebes en OESO lande. Gevolgtrekkings word gemaak oor die wyse waarop die modaliteite in die Suid-Afrikaanse situasie van toepassing gemaak kan word. Die gevolgtrekking word gemaak dat die definisie, wat afgelei is van lande wat vrywilliglik hervorming ingestel het, nie toegepas kan word op die Sub-Sahara Afrika lande waar hervorming ingestel is deur eksterne befondsing- instellings soos die Wêreldbank nie. Die definisie is egter van toepassing op Suid-Afrika, omdat dit 'n land met 'n opkomende ekonomie is wat meer in gemeen het met die meeste Britse Gemenebes lande waar hervorming vrywillig ingestel word.

Die studie het bevind dat die meeste hervorming in die Gemenebes en OESO lande sedert die 1980's dieselfde eienskappe openbaar en dat die hervorming wat ingestel is, bekend staan het as "nuwe openbare bestuur" (NOB). Die oorheersing van die NOB styl word gekenmerk deur 'n afwyking van die tradisionele benadering tot publieke administrasie, wat nog heersend in Suid Afrika is.

Die navorsing het bevind dat die regering van Suid-Afrika wat in 1994 aan bewind gekom het, die behoefte aan administratiewe hervorming geïdentifiseer

het. Die aanvanklike stappe om 'n proses te begin het, ontbreek aan bewese internasionale praktyke. Die afwesigheid van die staatshoof se leiding en betrokkenheid is 'n besondere benadelende faktor in administratiewe hervorming. Hierdie studie voeg kennis toe tot administratiewe hervorming en is relevant vir Suid-Afrika.

## ACKNOWLEDGEMENTS

The Lord God created all of mankind as spiritual beings – in his image. What we make of our human experience is a matter of personal choice. Some acquire knowledge and wisdom as they progress along the path of life, others choose to pursue it more deliberately, being aware of the fact that life has an eternal dimension.

The journey of discovering knowledge and wisdom is a lonely path. It takes one through dark valleys of uncertainty and to exhilarating heights of celebration and joy. There are opportunities for rest along the way – stops to question and silently reason, but they are in reality intersections of uncertainty and exit roads to end the journey. It is the solitary moments of questioning and reasoning where I discovered that choices are decided by value judgements of the jury in my soul.

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I collected material for this thesis since 1992 in various countries which I visited. Thanks to computer technology, it was possible to produce the first basic draft in a year. Annelie helped to type some sections.

The South African Foundation for Public Management and Development contributed towards tuition fees and printing. To the Chair and Board of the Foundation, thank you.

By the time my sons, Martin-Peter and Elmer, have read this thesis in full or in part, South Africa’s public management would have developed and the only value the thesis might have for them is to use it as a doorstep! May they, however, be challenged by this work to use their God-given talents to take issue with man’s effort to make this world a just place and a pleasant experience for mankind. My pursuit is through efficient and effective governance, where compassion and righteousness are public values.

“Blessed are those who hunger and thirst for righteousness, for they shall be satisfied” (Matthew 5: 6).

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**ABBREVIATIONS**

CAPAM	: Commonwealth Association for Public Administration
FMI	: Financial Management Initiative
IMF	: International Monetary Fund
OMCS	: Office of the Minister for the Public Service
OPM	: Office of Public Management
PRC	: Presidential Review Commission
PSC	: Public service Commission
WPTPS	: White Paper on the Transformation of the Public Service



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## CHAPTER 1

### OUTLINE

#### 1. INTRODUCTION

The objective of this chapter is to provide an introduction to the eight chapters into which this thesis is divided and to describe and explain the hypothesis. Each chapter in the thesis will be described in succinct terms. The arguments as well as the conclusions will be briefly described.

Central to the thesis, is the problem statement, and the research hypothesis which will be described and explained in this chapter. It will also describe and explain the research methodology and key concepts used in the context of this thesis.

Chapter two describes the South African public service environment to motivate why reform is necessary. It provides a brief historical development perspective and outlines some developments since the first democratic election in 1994. It describes a definition of reform.

The first part of chapter two indicates that the *White Paper on the Transformation of the Public Service* (South Africa, 1995) created the environment and provided some policy guidelines for the process of transformation, rationalisation and reform. It provided for a transformation process, of which the rationalisation of the public service was an essential element. It also provided for the appointment of the Presidential Review Commission, which proposed short-term interventions and longer-term reform for the public service. The second part of the chapter traces the origins of administrative reform and proposes a definition of reform. The definition consists of modalities, which are inclusive of a motive, an institution, a reform process dimension and the issue of human behaviour. The chapter concludes that an accurate definition of reform provides guidelines for reformers to improve shortcomings or imperfections in the operational systems of the public service.

The purpose of chapter three is to put future reform in South Africa in perspective. Most industrialised and Sub-Saharan African countries introduced voluntary reform since the early 1980's. The reform characteristics in the principal reform countries, namely the United Kingdom, New Zealand and Australia will be explained, followed by a description of the nature of reform in the OECD countries and Sub-Saharan Africa. It will be pointed out that some of the reform interventions, which were initiated in the United Kingdom in the early 1980's, were also implemented by some of the other countries, which started with their reform programs after those in the United Kingdom. A distinction is made between voluntary reform and reform which are induced by institutions such as the World Bank.

#### Kingdom

Induced reform in Sub-Saharan Africa has not led to the kind of reform interventions, which have occurred in countries that have embarked on voluntary reform. A projection is made that South Africa would introduce its own voluntary reform because South Africa differs from the rest of the Sub-Saharan African countries, due to, *inter alia*, its level of economic development. It is concluded that South Africa would, if reform were embarked upon, follow the reform patterns of the industrialised countries.

#### Overview

Chapter four describes and explains factors that contribute towards a motivation for reform and what institutional arrangements are made to guide and monitor reform. The first section will deal with issues in the external environment and how they influence politicians to commence with reform. The second half indicates what institutional arrangements are made to proceed with reform.

The chapter will indicate that the motive for reform partly depends on the conclusions which politicians in opposition parties draw on the performance of the ruling party and the state of the economy. The perceptions of politicians that negative indicators in the external environment could be changed through altering the work processes and culture of the machinery of government, is strong motivation to introduce change. The motivation for reform differs in countries according to the domestic situation, and it is concluded that the motive for reform in South Africa emanates from its political past. The institutional



modality is discussed in the second half of the chapter and describes how reform is initiated and steered in relation to the politicians, who with public managers, have to conduct and manage the reform. It concludes that reform in South Africa would probably follow the model espoused in the principal reform countries, where reform was introduced and managed by a small core of politicians and senior managers.

Chapter five describes and explains firstly the process dimension of administrative reform and secondly the role of human nature and attitudinal changes. The first half of the chapter will describe the process dimension of reform. It will indicate how the principal reform countries, namely the United Kingdom, New Zealand and Australia went about to implement their reform. Particular dimensions and characteristics of administrative reform are generic to all countries, but their nature and contents are unique to each country.

The second half of the chapter describes the concept of human behaviour and its influence on public management and administration. Most comprehensive reform programs indicated that the performance of government service units is related to the organisation culture in such institutions. It will provide a brief overview of the methods which some countries have introduced to change the behaviour and attitudes of public service staff. The phenomenon that some of the principal reform countries changed their organisation structures and the subsequent impact on the behaviour and attitudes of staff, will be discussed.

The purpose of chapter six is to indicate that public management in the countries, which have introduced reform since the early 1980's, is different from South Africa's model, the main reason being that the reform in the past was mainly of a constitutional nature. The chapter describes the nature and contents of administrative reform in the past two decades. Since the United Kingdom started with reform in 1979, many countries initiated reform, which had shared the same characteristics. The public service reform interventions in industrialised countries and the outcomes which they produced, became known as new public management (NPM). The nature and contents of NPM will be described and explained. Thereafter it will be indicated how the principal



reform countries view NPM. In order to relate the generalisations of administrative reform as described by Commonwealth countries, specific NPM reform interventions in the United Kingdom, New Zealand and Australia will be described.

Chapter seven describes and explains that countries, which became internationally renowned for their reform programs share some common approaches and strategies. In order to extract general guidelines which politicians and senior managers should utilise for reform in South Africa, the chapter discusses the most salient guidelines for reform, by studying reform approaches in particularly the principal reform countries, OECD and Commonwealth countries. The chapter indicates that reform programs are made possible through political leaders who initiate and direct such programs, and the strategies which they employ.

Chapter eight provides an evaluative summary and a conclusion of the research. It identifies the issues, which are relevant for public sector reform in South Africa.

## 2. DEFINITION OF THE RESEARCH PROBLEM AND ITS SIGNIFICANCE

This study proposes a definition for administrative reform, which has a universal validity, but which could be of particular relevance for South Africa. The government of South Africa did not reform the public service when most Commonwealth and OECD countries were embarking on reform since the early 1980's, which caused South Africa's public management practices to be not on par. The situation is challenged by a new democratic political dispensation since 1994, when the first democratic election was held since South Africa became a Union in 1910. The government, which was elected in 1994, also won the elections in 1999. The new government, which came into power in 1994, has rationalised the public service, but it is still managed in terms of structures and systems, which were acceptable in most industrialised countries, before 1980. The public service, which was inherited from a previously ideologically different government, reflects most of the work ethos and practices of the

previous dispensation. This situation, in the new millennium, according to the Presidential Review Commission (1998:15-27), is in need of reform. The new style of public management, which was adopted by most countries, which reformed their public services since the 1980's, has become known as "new public management".

This thesis postulates that the government, which came to power in 1994, initiated action towards administrative reform. This observation is supported by the *White Paper on the Transformation of the Public Service* (South Africa, 1995) and the subsequent report of the Presidential Review Committee. According to scholars, reform is by nature difficult to initiate and manage. This thesis proposes a definition, which could form the basis for a successful reform process in South Africa. Reform is needed in South Africa to improve service delivery and to make the country internationally competitive and comparable with most reformed public services.

There are a number of reasons why the study to identify an internationally valid definition for reform, and to develop guidelines for a future public service reform process for South Africa, is important:

2.1 Firstly, since South Africa became a union in 1910, and up to 1994 when the country became a fully-fledged democracy, it had never been subjected to a comprehensive administrative reform process, which covered the whole public service. What was regarded as "reform" by particularly the National government which governed since 1948 to 1994, was cosmetic and ephemeral and benefited only a fragmented public service in South Africa. Compared to the modalities of administrative reform as espoused in this thesis, it does not qualify to be termed as such.

2.1.1 Prior to 1994, the previous National Party government introduced fragmentary political reform, the last one in the early 1980's which resulted in the adoption of Republic of South Africa Constitution Act, 1983 (Act No. 110 of 1983). At a time

when real reform was introduced in Commonwealth and OECD countries around the world, the South African government undertook political reform to maintain a non-democratic ideological policy of apartheid.

2.1.2 Secondly, South Africa had fallen behind in the international best practices of public management and administration, which followed in the wake of administrative reform of most Commonwealth and OECD countries since the early 1980's.

2.1.3 Thirdly, this study is significant because the government, which was elected in 1994, found a number of imperfections in the public administration, which was confirmed by the Presidential Review Commission. The need to reform the public service, which is the operational machinery of government has become urgent.

2.1.4 Fourthly, the government of South Africa has expressly stated that it wants to reform the public service. To ensure that the reform process succeeds, a clear definition of reform is needed, the context of reform around the world need to be taken cognisance of, and guidelines which could be used in the reform process need to be developed. Hence the need to undertake this study.

### 3. STUDY OBJECTIVES

The following are the main objectives of this study:

3.1 clarify the need for administrative reform in the public service after the election of the first democratic government in 1994 and to postulate a definition for reform which has a universal application, but could guide South Africa on the road of future reform,



- 3.2 assess the nature and contents of administrative reform, which was introduced since the early 1980's in the Commonwealth, OECD and Sub-Saharan countries,
- 3.3 identify and assess the motivation for countries to introduce voluntary reform and what institutional arrangements are made to guide and monitor the reform,
- 3.4 identify and assess the process dimension of reform which produced the reform framework and the instruments and measures introduced by countries to change the behaviour of public servants,
- 3.5 identify and assess the “new public management” phenomenon which arose in the wake of most public service reform since the 1980's and compare it with the practices in South Africa,
- 3.6 identify and assess which issues stood in the way of voluntary reform around the world, and
- 3.7 suggest guidelines for future public service reform in South Africa.

#### 4. RESEARCH HYPOTHESIS

The hypothesis of this study is that effective administrative reform in South Africa requires the direct involvement of the head of state and a strategy with set goals for voluntary reform interventions, which are suited to the needs of the country.

The hypothesis will be supported by a theoretical framework and proof through a study of public service reform in the Commonwealth and OECD countries, which started during the early 1980's. A motivation will be put forward that countries introduced voluntary reform, based on a need for greater efficiency and economic growth. From an analysis of reform in various countries, it would be postulated that most reform interventions and outcomes evolved during a

voluntary reform process. New structures and systems subsequently changed the behaviour of public officials to be more productive in new government and public sector structures.

Countries, which introduced public service reform since the 1980's, experienced fundamental changes in public administration and management practices. The study concludes that guidelines could be gleaned from the experiences from countries which institutionalised reform and that premeditated actions can avoid a public service reform process in South Africa from terminating before comprehensive results are attained.

## 5. RESEARCH METHODOLOGY

The dominant research method for this study was an extensive study of literature and government publications, mainly from Commonwealth countries. During visits to the United States of America, Canada, the United Kingdom and Europe, official government publications were collected which were analysed and compared.

The study does not constitute a comparative analysis based on a classification or organisation of governments, or a typology of democratic political systems as espoused by scholars such as Lijphart (1990: 71 – 83), Lane (1997) and Blondel (1995). The study considers the methods and processes which various governments in developing and industrialised countries employed to enhance the efficiency and effectiveness of public services. To this extent, the study includes criteria such as public authority and political power, political culture, (Cattell and Sisson, 1978: 3 - 228) the national executive, political leadership and policy processes (Blondel, 1995: 267 – 370).

The phenomenon of administrative reform is well documented by scholars with a keen interest in the subject. It is well reflected in journal articles about public service reform. In addition to literature studies, some interviews, which were conducted with scholars from Commonwealth countries, confirmed their views and added new perspectives to their scholarly works.

Interviews with individuals in donor agencies in South Africa, interested in providing support for reform and government officials confirmed that a need for public service reform exists in South Africa after the political reform, which led to the election of the first fully democratic government in 1994.

## 6. DEFINITION AND EXPLANATION OF CONCEPTS AND TERMS

### 6.1 Bureaucracy

Bureaucracy has a number of meanings. Hanekom and Thornhill (1987: 149 - 150) identified twelve meanings, including:

- large-scale, formal, complex, administered organisational structures;
- a synonym for inefficiency or to imply ruthless inefficiency;
- a social invention, perfected during the Industrial Revolution to organise and the activities of the firm;
- a system of administration so marked by its officialism, red tape and fixed, almost arbitrary rules and procedures that it sometimes seems to exist for perpetuation of the bureaucracy's or bureaucrat's own sake ;
- a system of government the control of which is so completely in the hands of officials that their power jeopardises the liberties of ordinary citizens;
- a social structure which confronts most members of an organisation, and
- officials as a body

Hanekom and Thornhill (1987:151) concluded that, in order to offer some clarity, to use the word within a South African perspective to mean: "rule by officials in public institutions in such a way that impersonal rules are enforced without having due regard for the clientele, the values of the citizens, or the aims of the elected representatives as expressed by political office bearers". The term bureaucracy will be used in this context in this thesis.



## 6.2 Comprehensive reform

Comprehensive reform is used in this thesis to indicate that a range of reform interventions are introduced that affect most aspects of the functioning of a public service or public sector or both.

## 6.3 Government

Government refers to a “body of persons and institutions that make and enforce law for a particular society” (Ranney, 1966:21). Worrall (1980: 2-3) elaborates on the definition and indicates that government distinguishes itself from other social institutions in four ways. Firstly by its comprehensive authority and the involuntary membership through the rules of citizenship. Secondly through its authoritative rules, thirdly through the sanctions that it may apply such as imprisonment and execution, and fourthly the legal application of force to compel conformity. Governments, in which the chief of state inherits his or her position, is known as monarchies, while in democracies, the head of state is elected.

## 6.4 Governance

Governance is used to define relationships between the government and society. The World Bank (1994:1) defines “governance” as the practical exercise of power and authority by governments in the management of their affairs in general and of economic development in particular. It could therefore be deduced that it encompasses the set of relationships between governments and citizens, institutions such as enterprises, special interest groups, and the media.

## 6.5 Modality

Modality, in terms of the *Etymological Dictionary* (Klein: 1966), is derived from the Latin word *modus* means *manner, fashion or style*. The term modality is described in the *Websters International Dictionary of the English Language* (1905) as *a mode or point of view, which an object presents itself to the mind*.

The *Random House Dictionary of the English Language* (1987) describes the word *modal* as *pertaining to a mode of a thing, as distinguished from its basic attributes or from its subsistence matter* (own emphasis). In this thesis, reform is being described as consisting of four modalities. The modalities are distinguished from the *basic* attributes of reform, which in terms of the *Etymological Dictionary* (Klein: 1966) means to *amend or alter for the better; to form again, change or alter*.

## 6.6 Public management

Public management encompasses the techniques and strategies that are used by public managers to carry out the responsibilities assigned to governments. It encompasses planning, leading decision-making and control (Fourie: 1989: 130).

## 6.7 Public sector

Public sector means the executive machinery of government. (Commonwealth, 1996:vi) The executive machinery of government is defined by the constitution of a country and includes levels or spheres of government, which are funded by tax income and required to implement legislation. It includes parastatals, government owned companies, boards, trusts, commissions, uniformed forces and health services. The public sector is directly accountable to government. Government can also determine the details of the governing, administrative and management systems and processes.

## 6.8 Public service

Public service refers to “a body of employees unified by common professional norms and principles, by uniform financial and personnel management regulations and, traditionally, by a common career structure” (Commonwealth, 1996: vi). The public service usually consists of the treasury and human resource functions, and contains the core social and economic policy-making functions - which are also referred to as the “civil service” in countries such as



the United Kingdom. Although service delivery functions and enterprises are functioning within the public sector, their internal personnel and financial management systems may differ from those of the core civil service. By public bureaucracy Quah means a “civil service system” (1992: 121). According to Quah, quasi-governmental bodies or public enterprises or institutions such as the armed forces in the Philippines, Singapore and Thailand, is not part of the civil service system.

## 6.9 Rationalisation

Rationalisation means to reorganise the government departments and legislatures from a fragmented and dysfunctional system of administration to one which constitutes a balanced, integrated unity in which every component is essential for the effective functioning of the whole (PSC, 1997:1). The word rationalisation has been derived from the Latin word *ratio*, which according to the Etymological Dictionary (Klein: 1966) means to reckon, reason or calculate a matter. The *Longman's Dictionary of the English Language* (1984) describes the meaning of rationalise: *to bring into accord with reason or cause to seem reasonable*. It could therefore be argued that a rationalisation process precedes a fundamental rethink of a situation, and changes which are brought about based on *reason*, i.e. omitting emotion and political motivation.

## 6.10 Reform focus

Reform focus refers to the nature and content of the reform interventions. It could be comprehensive, or targeted at systems within the public sector (Halligan, 1994: 135), such the budgeting system (Dawkins, 1985:65), corporatisation or human resource management (Ives, 1995: 320).

## 6.11 Reform framework

Reform framework refers to the way in which a reform process is organised and given coherence through plans, programs and frameworks. In order to change an undesirable state of affairs, politicians choose particular interventions to realise

projected outcomes. Reform in terms of the *Etymological Dictionary* (Klein: 1966) means to *amend or alter for the better; to form again, change or alter*. The word is derived from the French *formare*, which means *to form or to shape*. Within a reform framework, a series of interventions could retrospectively form a reform framework, which consists of a set of interventions stemming from ideas of politicians, which are designed to amend or alter situations. Reform frameworks evolve over time.

#### 6.12 Reform process

Reform process means the reform interventions in the public service which follow chronologically and are instituted by the reformers. The *Etymological Dictionary* (Klein:1966) describes the word *process* as *going forward or advance*. The word is derived from the Latin word *procedere*, which means to *go forward or advance*. In Latin *pro* means *before, forward or in front of*. *Cede* in Latin means *to go*. The process dimension of reform refers to the course of action, which will continue, as long as reformers deem the process to continue necessary. Reformers are able to direct the process and to select particular interventions in order to ensure that the undesirable *status quo* is changed and that the reform goals are attained. A reform process reflects the actions of reformers, it indicates what actions were taken to continue with the reform, or to bring it to an end. The continuation of reform depends on what action reformers take to maintain the initiative. The reform process will be known as such as long as the reformers relate the action they take, to the initial reform goal and objectives. Reformers may select to build on former initiatives or introduce new interventions. Retrospectively, the reform process consists of a chronological series of events, which, at the time when they are planned and introduced, did not necessarily form part of an existing system.

Although reform will be used as a singular noun to indicate government action, there may be several reform initiatives, interventions, objectives, projects or programs. The reform process encapsulates various activities to attain a desired state of affairs.

### 6.13 Transformation

The word transformation means *to change the shape of*. The word transform is derived from the Latin *trans*, which means, *to go through* and *formare to shape* (Klein:1966) The word transformation will be used in the context of governments which came to power and changed the structure and ideological values of the public service. The South African government, which came into power in 1994, transformed the public service to reflect the political ideology of the African National Congress Party, which won the general elections of 1994 and 1999. Through a process of transformation, government departments were changed to be more representative of the population of the country, situations were approached differently and circumstances interpreted differently. In South Africa, the transition to a full democracy and the eradication of the heritage of the policy of apartheid, had a profound effect on the transformation of the public service.

## 7. CONCLUSION

The chapter provided an overview of the chapters, into which this thesis is divided, and to describe and explain the hypothesis. Each chapter in the thesis was described in succinct terms and arguments as the well as the conclusions that were drawn.

This chapter also analysed the problem statement and stated the research hypothesis. It presented the research methodology and key concepts used in the context of this thesis.



## CHAPTER 2

### **SOUTH AFRICAN PUBLIC SECTOR REFORM ENVIRONMENT AND DESCRIPTION OF ADMINISTRATIVE REFORM**

#### 1. INTRODUCTION

This chapter describes the situation in the public sector and its readiness for reform. It then postulates a definition for administrative reform.

It will refer to the transformation and rationalisation after the 1994 elections, previous political reform and the research and findings of the Presidential Review Commission. This chapter will indicate that the government has made its intentions to reform clear, but has not as yet embarked upon a structured reform program.

The second half of the chapter will evaluate definitions of administrative reform and formulate a definition, which could serve as a guide for reformers to design a reform program to impact upon public administration systems, or a particular sector in the machinery of government. The definition will contain the essential modalities of public service reform, which have a universal application, but would be of particular value for South Africa. The reform definition with its modalities would contribute to the government's understanding of the reform process and how to proceed with it. Chapters 4 and 5 would further elaborate on the modalities contained in the definition of reform in this chapter.

No public administration is perfect, but when policies and operations represent the preferences of a small minority, such as was the case in South Africa since 1910, any new government would be expected to fundamentally transform the systems and processes of the previous dispensation. Improved administration is sought after, less for itself than for the results of the process, which adds to the quality of life of the citizens of a state.

Reformers reflect the values of society and the electorate, which they represent. Their motivation to change systems of government has its roots in the consequences of the policies of government. The outcomes of government policies impact upon the lives of people in a society. The aspirations of reformers to create a desired state of affairs, stem from the *status quo* which is no longer relevant to meet the expectations of, or are conducive to the socio-economic well-being of the citizens of a state.

### The 1990s

After the elections of 1994, when the African National Congress came to power, the need for administrative reform appeared for the first time in a government White Paper in 1995. (South Africa, 1995). The White Paper is clear about the motivation for transformation and reforms. The purpose of the *White Paper on the Transformation of the Public Service* is to establish a framework to guide the introduction and implementation of new policies and legislation, aimed at transforming the South African public service (South Africa, 1995).

### Departure

The government has made its intention clear to reform the public service and signalled its impatience to start with transformation and reform at the same time. It was of the view that up to the 1999 election, transformation would be the “dominant” process, thereafter, “reform will become more the order of the day.” (South Africa, 1995:11). The *White Paper on the Transformation of the Public Service* (South Africa, 1995:12) made it clear that the final constitution, the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996) would to a large extent set the reform priorities for the future (South Africa, 1995:11). While the White Paper would focus on issues of immediate importance, future reform activities would require additional policies and white papers.

### 1995

The White Paper describes the *transformation* of the public service as a two to three year process (South Africa, 1995:11). The focus of the transformation is, in essence, restructuring and rationalising the public service, representativeness and affirmative action, transforming service delivery, improving employment and service conditions, the development of human resources and the promotion of a professional service ethos (South Africa, 1995:43-72). Provision is made for future “broader, longer-term

and on-going” reform that would ensure that the South African public service keeps in step with the changing needs and requirements of the domestic and international environments.

## 2. TRANSFORMATION, RATIONALISATION AND REFORM

The 1994 elections took place in terms of the interim Constitution of the Republic of South Africa Act, 1993 (Act 200 of 1993). This constitution replaced the Republic of South Africa Constitution Act, 1983 (Act 110 of 1983) in terms of which it was not possible to have a non-racial election, based on one man one vote principle. It was envisaged that the final constitution would realise only in 1996. After the ANC was elected to victory in 1994, a Government of National Unity was formed and the Ministry for the Public Service and Administration took responsibility for the administration of the state, under the leadership of Minister Z.T.S. Skweyiya. The Department produced the *White Paper on the Transformation of the Public Service* as a policy framework for the transformation and reform, which the government intended (South Africa, 1995:12).

From a reform perspective, the 1995 *White Paper on the Transformation of the Public Service* is the statement of intent of the government that it wants to voluntarily reform the public service. In practice, however, no specific reform steps have followed the adoption of the Constitution of the Republic of South Africa Act, 1996 (Act 108 of 1996), or even since 1999, when the ANC won the second democratic election. The government also did not initiate a reform program after the Presidential Review Commission, which was mandated to report on possible reform, submitted its report to the President, Mr. N.R. Mandela, on 28 February 1998.

A factor, which could have had an effect on the intentions of the ANC to reform the public service, was the retirement of President Nelson Mandela during 1999, after the general election. President Thabo Mbeki took over the political leadership of the country from Mr Mandela. A further contributing factor is the fact that the portfolio for Public Service and Administration was assigned to minister Geraldine Fraser-



Moleketi. The political leaders, which were responsible for *the White Paper on the Transformation of the Public Service* and the appointment of the Presidential Review Commission, were therefore no longer in a position to personally follow through with their initiatives.

The current situation is that the *White Paper on the Transformation of the Public Service* (South Africa, 1995) is still the only authoritative policy for transformation, rationalisation and reform. Furthermore, the report of the *Presidential Review Commission* has been duly mandated in terms of the White Paper, which stated explicitly that the work of the Commission would be followed by appropriate reform processes. Six years after the ANC came into power, it is no longer clear whether public service reform is still a priority, as no policy guidelines and a program with interventions have been accepted by the government.

## 2.1 Transformation

The government adopted the notion of transformation as a relatively short-term process *to reshape the public service* for its role in the new democratic dispensation (own emphasis) (South Africa, 1995: 11). The *White Paper on the Transformation of the Public Service* (1995: 17) states unequivocally that “the public service inherited from the previous governing party, in many ways promoted and defended the social and economic system of apartheid”, which was the policy of the National Party. The White Paper states that the public service is characterised by a number of “problematic” policies and practices which, if left unchanged, could seriously compromise the ability of the new government to achieve its major goals of reconstruction and development (South Africa, 1995: 17 – 18). Some of the “problematic” areas include:

- lack of representativeness;
- lack of legitimacy of civil servants;
- lack of service delivery;
- centralised control and authoritarian rule;

- lack of accountability and transparency;
- absence of affective management information;
- low productivity;
- poorly paid and demotivated staff;
- conflicting labour relations and
- poor professional ethos and work ethic.

## **2.2 Rationalisation as part of the transformation framework**

The *White Paper on the Transformation of the Public Service* describes the need for transformation, provides the new vision and mission, and gives an indication of current challenges and constraints. It also indicates who the policy-makers in the transformation process would be and their role. The priorities and framework for transformation address restructuring and rationalisation; institution building and management, representativeness and affirmative action; transforming service delivery; enhancing accountability; human resource development and training; employment conditions and labour relations, and the promotion of a professional service ethos (South Africa, 1995: 14 – 72).

One of the biggest challenges of the Department of Public Service and Administration during 1995 was the consolidation and integration of the eleven public services, which were created during the reign of the previous government. The task of rationalisation is defined as “moving from a fragmented and dysfunctional system of administration to one which constitutes a balanced, integrated unity in which every component is essential for the effective functioning of the whole”. (PSC, 1994-1996).

### **2.2.1 Components of fragmented public service**

The reform of the public service can only effectively take place after the rationalisation of the fragmented system of the public service in South Africa. The Public Service Commission envisaged at the outset of the process in 1994, that



rationalisation of the public service would take a year or more. The Commission conceded in 1996 that more than two years had to pass before it could be said that the rationalisation process have been substantially completed (PSC, 1997: 3-8).

The rationalisation of the public service was essential because the previous political dispensation under the National Government, fragmented the public service as follows:

- The Republic of South Africa, which could be regarded as the core system;
- the “independent states” of Transkei, Bophuthatswana, Venda and Ciskei, (TBVC states) which were previously part of the Republic of South Africa.; and
- the self-governing territories of Gazankulu, Kangwane, KwaNdebele, KwaZulu, Lebowa and QwaQwa, situated within the borders of South Africa.

In its pre-rationalised state, South Africa operated under a multiplicity of statute books and subordinate legal prescripts. Laws differed as to their territorial applicability and often in the ways in which they dealt with the same or similar matters. The rationalisation process had to take account of all the legislation, and it was therefore essential that the Ministry for the Public Service and Administration had to promulgate a number of critical prescripts to deal with human resource matters. The legislation was consolidated in the Public Service Act, 1994 (Proclamation 103 published in Government Gazette 15791 of 3 June 1994), Public Service Regulations, 1994 (Government Gazette No. 15804 of 10 June 1994) and the Public Service Commission Act, 1997 (Act No. 46 of 1997).

Section 37 of the Republic of South Africa Constitution Act, 1983 (Act No. 110 of 1983) provided for three Houses of Parliament, namely a House of Assembly for the White population group, a House of Representatives for the Coloured population and a House of Delegates for Indians. The members of each population group were determined through the provision of the Population Registration Act, 1950 (Act No.30 of 1950). This Act was repealed in 1991, through the Population Registration Act Repeal Act, 1991 (Act No. 114 of 1991).

Part IV of the Republic of South Africa Constitution Act, 1983 (Act No. 110 of 1983) provided for "own" and "general" affairs of each racial group who had their own administration and could legislate over their own affairs. "General" affairs issues were typically defence, foreign affairs, finance and security. Sub-national government in South Africa consisted of the provinces of Transvaal, the Orange Free State, Natal and the Cape Province, which could legislate through ordinances.

The National States Constitution Act, 1971 (Act No. 21 of 1971) provided the self-governing territories with a legal mandate for matters over which they could legislate. The State President of South Africa, however, had to assent to the bills. Any self-governing territory could however become independent. The Transkei was the first independent state, and in terms of the Transkei Constitution Act, 1963, (Act No. 48 of 1963) self-government was conferred on the peoples of the Transkei. The TBVC states were regarded as independent states in official South African documentation and the government of South Africa maintained foreign relations with them. At the commencement of the process of rationalisation, there were 220 800 staff members on the payroll of the TBVC states and 220 400 on the payroll of the self-governing states (Public Service Commission 1997: 3-9).

To keep the rationalisation process coherent, each of the eleven systems of government and administration that existed under the former government were kept intact until they could be integrated into the one. The various public services were bodies of persons deployed in departments, administrations, offices and services, each under the direct control of a political office holder, and having the terms and conditions of service of its members regulated by a law applying specifically to it. Section 236 (1) of the Constitution of the Republic South Africa Act, 1993 (Act 200 of 1993) determined that, after the commencement of the interim constitution, all public services, departments, administrations, forces and other institutions of the former Republic of South Africa, TBVC states and self-governing territories would continue to function in accordance with the applicable laws until they were abolished, incorporated, integrated consolidated or otherwise rationalised.

### **2.2.2 Challenges of rationalisation**

The rationalisation process had to convert eleven public services, with varying degrees of similarity and dissimilarity, and numbering approximately 1,2 million officials, into a single public service (Public Service Commission 1997: 85). Unity of command during the rationalisation process was therefore essential, but the co-operation of the former administrations was needed. Section 237 (2) (a) of the Constitution of the Republic of South Africa Act, 1993 (Act 200 of 1993) therefore placed the responsibility for the rationalisation of all public services primarily, but not exclusively under the command of the national government.

One of the most sensitive challenges was to ensure employment security of the various public services. As part of the rationalisation, staff would be deployed in a central administration and nine new provincial administrations. The interim Constitution of the Republic South Africa Act, 1993 (Act 200 of 1993) envisaged a single public service. Employment security was thus ensured through Section 236 (5), which determined that the terms of conditions of employment applicable to a person employed by a department immediately before the commencement of the Constitution would continue to apply to him or her until amended by any other law. All personnel, who were employed on the day preceding the implementation of the new Constitution, could therefore continue with service in the employ of all former governments, with the retention of specified terms and conditions of service guaranteed.

### **2.2.3 Rationalisation and staffing**

The rationalisation and integration of the independent states and self governing territories commenced after the Constitution of the Republic of South Africa Act, 1993 (Act 200 of 1993) came into effect on 27 April 1994. Nine new provinces were created and the principle to demarcate functional legislative areas was first established with the 1993 interim Constitution, which is currently set out in Schedule 4 and 5 of the final Constitution of the Republic of South Africa Act, 1996 (Act No. 108 of



1996). Schedule 4 of the latter Act deals with functional areas of concurrent national and provincial legislative competence and schedule 5 with exclusive provincial legislative competence.

Due to the stipulation in section 236 (2) and (4) of the Constitution of the Republic of South Africa Act, 1993 (Act No. 200 of 1993) that all serving public servants would continue in service, on its implementation, some posts became redundant in the rationalised public service. There were simply too many people employed for the number of posts after the rationalisation process. According to the Presidential Review Commission (PRC, 1998: 88) an estimated 54 000 supernumeraries were employed in the public service in 1998. The surplus personnel were kept on the payroll, despite a voluntary retrenchment option, which was extended to them in May 1996. By 1997, only 1015 individuals accepted the voluntary retrenchment package (PRC, 1998: 89).

The probability of situations of large scale redundancy, with serious implications for the careers and personal lives of many public servants, is a challenge, which is still facing the government. The intention of the government to “rightsizing” the entire public service was articulated in the *White Paper on the Transformation of the Public Service* (1995:46), but by 1998, the Presidential Review Commission (PRC, 1998: 89) found that the rightsizing exercise had largely failed to meet expectations. Whereas the Minister for the Public Service and Administration announced in March 1996 that he intended to reduce the number of posts in the public service with 300 000 over the next three years, he was only able to abolish 18 140 posts during 1996/97 (PRC, 1998:89).

Section 195 (1) (i) of the Constitution of the Republic of South Africa Act, 1996 (Act No. 108 of 1996) stipulates that the public administration must be broadly representative of the South African people, with employment and personnel management practices based on ability, objectivity, fairness, and the need to redress the imbalances of the past to achieve broad representation. The Public Service Commission endeavoured to monitor the filling of the rationalised structures, but



reported that it could only manage to monitor 290 000 (38%) out of the 760 000 posts. By June 1996, 161 691 (55,7%) of the 290 000 posts were filled. Of these 43,3% were filled by Blacks, 20% by Whites, 1,2 % Coloured and 1,2% Asian.

The Presidential Review Commission (PRC) found in 1998 (PRC, 1998: 123-127) that representivity still “leaves much to be desired”. Statistics revealed that the racial and gender composition of the management echelon in the public service were as follows:

<i>African</i>		<i>Coloured</i>		<i>Asian</i>		<i>White</i>		<i>Race</i>		<i>Gender</i>	
Male	Fem.	Male	Fem.	Male	Fem.	Male	Fem.	Black	White	Male	Fem.
23.4	3.8	2.8	0.7	0.7	61.8	4.0	34.2	34.2	65.8	90.8	9.2

#### 2.2.4 Distinction between transformation and reform

The Ministry of Public Service and Administration and the Presidential Review Commission (PRC) did not define reform or make a clear distinction between transformation and reform. The only distinction, which the Ministry put forward in the *White Paper on the Transformation of the Public Service* (WPTPS) (1995), was that transformation is a short-term intervention and that reform is a long-term process. (South Africa, 1995:11) The PRC made it clear that South Africa would require administrative reform because it is not on the same level of operational effectiveness, in areas such as financial management, compared to countries such as Australia and New Zealand. (PRC, 1998: 162-163).

The following distinctions between transformation and reform could be deduced from studying the *White Paper on the Transformation of the Public Service* and the PRC report: (South Africa, 1995: 11-25) (Presidential Review Commission, 1998: 230-244):

Issue and/or topic	Transformation	Reform
<i>Objective</i>	<ol style="list-style-type: none"> <li>1. To remedy the imbalances of the policy of apartheid of the previous government</li> <li>2. To immediately change government structures, practices and especially HR policies to be in line with democratic principles and the constitution of 1996.</li> </ol>	To bring the RSA public service up to international standards and world best practices in public management and administration.
<i>Short term Priorities</i>	<ol style="list-style-type: none"> <li>1. Rationalisation of homeland administrations and unifying the public service.</li> <li>2. Accountability and efficiency.</li> <li>3. Representativeness and affirmative action.</li> <li>4. Providing for basic needs through improved service delivery</li> <li>4. Democratisation of the state</li> <li>5. Human resource development, employment conditions and labour relations.</li> <li>6. Promotion of a professional service ethos.</li> </ol>	<ol style="list-style-type: none"> <li>1. Status and role of PSC (Public Service Commission Act 1997)</li> <li>2. Management of the public service (The Public Service Laws Amendment Act 1997)</li> <li>3. Personnel administration (Basic Conditions of Employment Act, 1997)</li> <li>4. Staff code</li> <li>5. Performance assessment</li> <li>6. Rightsizing</li> </ol>
<i>Long-term priorities</i>	<ol style="list-style-type: none"> <li>1. Transforming the structures and functions of government               <ol style="list-style-type: none"> <li>1. Managing human resources</li> <li>2. Budgeting and financial management</li> <li>3. Information management, systems and technology</li> </ol> </li> </ol>	Public service training and education Employment policy Human resources management (All priorities supported by White Papers)
<i>Time Scale</i>	Two to three years	On-going – during and after the transformation process

Vil-Nkomo (1999: 86) writes that when governments and societies seek transformation it is often an indication of the need to meet new priorities, policies and strategies. He is of the opinion that transformation is a long-term process whereby governments approach issues and problems in a fundamentally different way, and that downsizing and privatisation are examples of the transformation of a public service.

Vil-Nkomo argues that reform could lead to the transformation of a society. Particular complexities, such as the demise of the foreign exchange market in New Zealand led to reform actions, which culminated in transformation. He states that reform and transformation could take place at the same time because “factors to

achieve transformation implies that *reform and incremental change* in some spheres of the public service and public sector will form an integral part of transformation (own emphasis). He supports the view of the South African government as put forward in the WPTPS by stating that transformation and reform “often occur together in the short to medium term when it comes to best practices”. Vil-Nkomo (1999: 86-96).

Transition in the context of societal change came to the forefront when, by the end of 1989, the era of soviet totalitarianism collapsed and a new era of post-communist transition in Eastern Europe commenced. Mr. Tony Blair, Prime Minister of the United Kingdom used the term *transition* to state that Eastern European countries had to transform from communism to democracy. The transition was a remodelling of society from a system where there was no rule of law, where central planning was dictated and where individuals cheated the system (Blair, 1999). Mr Horst Köhler, the President of the European Bank for Reconstruction and Development used the term reform in the same context as Vil-Nkomo. Köhler (1999) encourages reform in the public sector and said that the transition of Eastern Europe will take a long time, but that a delay in “*structural reforms*, in both public and private sectors can ... threaten the success of the *transition* (own emphasis).

Thornhill (1994: 5) writes that South Africa is not changing from a pure colonial system to a post-independent state. According to him, it is changing from a “limited and fragmented democratic system to a fully democratised and integrated state”. Whilst it could be argued that South Africa also has to transform to a democracy, like the former Soviet Union countries, which has to radically transform from communism, the tenets of democracy and a free market economy is in place in South Africa. It has therefore to be concluded that it would be of little value to make use of administrative reform methodologies that are being utilised in the Eastern European countries.

The reference to transition and reform in the WPTPS is however, meaningful. Until as recently as 1990, the policy of apartheid of the National Party government excluded Blacks from mainstream political and economic activity, segregated the society along



racial divides and caused South Africa to be isolated through economic and other sanctions from the rest of the world. Due to internal political instability and pressure from the United Nations and the international community to reform politically, South Africa did not consider an extensive and complete reform of its public service. Since 1994 it had an opportunity to match trends in the Western world, notably the United Kingdom, New Zealand, and Australia.

The first opportunity for real reform came when an irrevocable transition process started on 2 February 1990, when the governing National Party departed from its policy of apartheid and the ANC and other political parties were unbanned (Independent Electoral Commission, 1994:8). The transition process became firmly entrenched after multiparty negotiations amongst the governing National Party and all other political parties and interest groups in South Africa. The transition became an official process when the interim Constitution of the Republic of South Africa Act, 1993 (Act No. 200 of 1993) came into effect on 27 April 1994. The Constitution created the framework for democratic elections in South Africa in which eligible voters of the country could, for the first time, participate in general elections since South Africa became a Union in 1910. After the Constitution became the supreme law of the country in 1994, the transition was entrenched and gained momentum.

The rationale for reform in South Africa can be related to the transition of the Republic of South Africa to a democracy and the fact that South Africa is not on par with the rest of the world, as far as modern public management and administration practices are concerned. A transition through reform, a restructuring of the public service, redesign of South Africa's social life and its economic conditions will probably continue for a number of years before stability could be expected to return to the public sector.

### 3. THE PRESIDENTIAL REVIEW COMMISSION

The need for the Presidential Review Commission (PRC) was first highlighted in the *White Paper on the Transformation of the Public Service* (South Africa: 1995). The



*White Paper on the Transformation of the Public Service* (WPTPS) proposed the creation of a number of additional structures to add impetus to the transformation process, and to ensure in particular that it was founded upon effective consultation with public service staff unions and civil society stakeholders (Presidential Review Commission, 1998:1).

### **3.1 Mandate and terms of reference of the PRC**

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 in the Government Gazette, No. 17020 of 1996, with the specific mandate to:

- (a) inquire into the structures and functions of the public service and its statutory bodies;
- (b) 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
- (c) 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.

It had to make recommendations and proposals regarding the transformation and reform as envisaged in the WPTPS. The PRC's key role, therefore was to assist in the processes of transforming the public service, from an instrument of discrimination, control and domination to an enabling agency that would consolidate democracy and empower communities in ways that were demonstrably accountable and transparent. This would require making recommendations for overcoming many of the serious challenges and constraints facing the transformation process, many of them inherited from the previous government. (PRC, 1998:2) These included:

- the lack of racial, gender and occupational representivity;
- the lack of clarity and communication in respect of the vision for change;
- centralised control and top-down management;

- low productivity;
- the low level of service delivery, especially to the majority of the population;
- a disempowering work ethic;
- the absence of clearly defined roles and responsibilities;
- the lack of effective co-ordination and communication among the key agencies of transformation, and
- the persistence of rule-bound practices and culture.

Due to a number of delays of the PRC to get started it became increasingly obvious that the original work programme of the PRC was too ambitious to complete. It was to complete its work by November 1996. The PRC had limited logistical capacity and could only draw some resources from the Department of Public Service and Administration.

The original business plan was therefore suspended at the end of 1996. The Chairperson, Professor Bax Nomvete resigned and the Commission was itself reconstituted with Dr Vincent Maphai and Professor Norman Levy appointed as Chairperson and Deputy Chairperson respectively. A new business plan was adopted in June 1996, constructed around two key components:

- the conducting of a series of public sessions of the Commission at which ministries, departments, provinces, the PSC and other relevant stakeholders were invited to give evidence and make comments on the progress of the transformation process, and
- the establishment of four small, professional task teams to consider the key areas of structures, human resource development, financial planning and management and information management and technology.

The PRC appointed task teams to assist it with its task and support was also provided by the Commission's international collaborators and in particular the Commonwealth Secretariat. The Commission did not perceive itself as a tribunal investigating crime or

misbehaviour. Its fundamental role was to understand the problems that officials within the service were grappling with and to advise the President on the strategic direction of the public service.

### 3.1.1 PRC: Points of departure

The PRC took the vision as stated in the WPTPS as a broad policy framework for transforming the South African public, namely that the “creation of a people centred and people driven public service which is characterised by equity, quality, timeousness and a strong code of ethics”. (South Africa,1995:14). Chapters 3 and 10 of the Constitution of the Republic of South Africa Act, 1996 (Act No. 108 of 1996) make provision for an integrated, inter-sectoral, and co-operative approach to governance. These provisions commit all three spheres of government (national, provincial and local) to be transparent in policy-making and inclusive in their respective approaches. The Constitution further stipulates that the public administration should adhere in particular to:

- a high standard of professional ethics;
- services should be provided impartially, fairly, equitably and without bias;
- resources should be utilised efficiently, economically and effectively;
- people's needs should be responded to;
- the public should be encouraged to participate in policy-making, and
- public administration should be accountable, transparent and development-oriented.

From the above points of departure, it could be deduced that the PRC had to make recommendations which would change the *status quo*, which was inherited from the previous political dispensation, to a desired state of affairs as set out in the vision of the public service and to comply with the constitutional requirements.



### 3.1.2 PRC assessment of the public service

The PRC submitted its findings in a report to President Mandela in February 1998. The Commission concludes that, given the government's stated national goals with respect to reconstruction and development, nation building, community empowerment and democratic consolidation, the role and functions of the public service have to be rethought fundamentally (PRC, 1998:13).

The PRC (1998:24) found “fundamental flaws” in the machinery of government and recommends a *reform* program. The objectives of reform were stated as:

- to formulate policies which are well-founded on relevant data, coherent and well co-ordinated, costed and prioritised within available resources, and
- to facilitate the efficient and effective implementation of such policies and to ensure that they are monitored and reviewed.

The PRC (1998:24) stated in its report four reform recommendations and the implementation mechanism, which are related. According to the PRC, the four main instruments at the disposal of government to pursue its reform objectives are:

- the structures of government (including ministries and departments, organisational components, associated executive and/or advisory agencies and commissions);
- the personnel employed in government, or attached to it in an advisory or consultative role (for example from the private sector, non-governmental organisations, civics and trade unions),
- the financial and physical resources of government (including its revenues and capital assets), and
- the information base of government (the national statistical data relating to resources personnel and performance in service delivery without which government cannot effectively operate

The PRC did not provide a detailed reform strategy and program, save to emphasise that an Office of Public Management (OPM) be located in the Office of the



Presidency. Under the President, the OPM would be responsible for overall direction and co-ordination of the public service. In general the PRC is of the opinion that in addition to the OPM the Presidency must be further strengthened with a Private Office, Office of the Cabinet Secretariat and Office of the Public Service Commission.<sup>1</sup> The PRC recommended four major reform interventions, which are briefly summarised as follows:

Firstly to *transform the structure and functions of government*. For this purpose a national development vision to guide future transformation and reform was proposed, together with a smaller public service; a radical re-appraisal of the functions and structures of government; more effective intergovernmental relations; rationalisation of national departments; re-engineering the public service; fewer deputy ministers; only decentralising powers to provinces which have the capacity to assume such powers; the development of a professional management corps; outsourcing and public-private partnerships to improve service delivery and monitoring and evaluation systems be developed to measure the cost effectiveness of service delivery.

Secondly to *manage human resources* through planning for sufficient human resources; ensuring affirmative action programs and greater representivity; effective human resource provisioning to attract the best candidates; performance management and human resource development;

Thirdly *budgeting and financial management*, through structures to improve co-ordination strategic planning and budgetary processes and inter governmental financial relations; performance based budgeting; more effective costing of services; overcome unfunded mandates; enhance managerial responsibility and accountability; strengthen parliamentary oversight; increase popular participation in the budget process; decentralised procurement; conduct program review and efficiency reviews and enhance financial administration.

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<sup>1</sup> Chapter 3 will describe and explain that the locus from where reform is directed in the principal reform countries is the office of the head of state.

Fourthly *information management, systems and technology*, mainly through making managers responsible for policy and not technologists, standardise information networks; to have one chief information officer and to move towards a paperless electronic government system.

#### 4. EARLIER RATIONALISATION IN SOUTH AFRICA

From a historical perspective, South Africa has had no comprehensive administrative reform experience on the scale of what became known as administrative reform during the 1970' in particularly the *principal reform countries*<sup>2</sup>. From 1910 onwards, since South Africa became a union and later a republic with the Republic of South Africa Constitution Act, 1961 (Act No.32 of 1961) as its constitution, the public services increased to meet the needs of the growing population. Thornhill's (1968: 16-55) research indicates that the Public Service Commission developed from as early as 1909, in terms of section 142 of the South Africa Act, 1909. The development of the treasury functions dates back to 1685 when South Africa had a Political Council, undergoing various stages until the post of Secretary of the Treasury was created in 1945 in the Union of South Africa within the Department of Finance (Thornhill, 1968: 45-55). These developments, as *inter alia* described by Thornhill, cannot be termed reform as is postulated in this thesis, but is part of the institutional change to service the needs of the inhabitants of the country.

The changes in the structures and practices of government and the public service since 1910 were of an incremental nature and reflected the political philosophy of the ruling parties. The incremental reform, which was instituted, was motivated by the political philosophy of the ruling governments. Under the National Party government, which governed in terms of the Republic of South Africa Constitution Act, 1961 (Act 32 of 1961) self-government was conferred to geographical areas designated for particular Black tribes in South Africa, which were recognised as independent or self-governing.

<sup>2</sup> This concept will be described in chapter 3, under heading 2.

The Republic of South Africa Constitution Act, 1983 (Act 110 of 1983) created a new political dispensation for Whites, Coloureds and Indians and confined the Blacks to the “independent” states of Transkei, Bophuhatswana, Venda and Ciskei and “self-governing” territories of Kangwane, Kwazulu, Kwandebele, Gazankulu, Lebowa and Qwa Qwa (South Africa, 1997).

Scholars such as Brynard argue that *administrative reform* has the same meaning as the *administrative development process* (Hanekom, Roland and Bain, 1986: 220). He writes: “Administrative reform is a never-ending phenomenon, and has been present in the South African public sector since *earliest times*” (own emphasis). He then states that the administrative reform program in South was known as “rationalisation”. He describes rationalisation as the process of restructuring the public sector executive institutions in order to pursue public policy more efficiently, than it was done in the past. “The term rationalisation refers, in this context, to the grouping in units of the past *proliferation* of the public sector” (own emphasis) (Hanekom, Roland and Bain, 1986: 220).

With the proliferation of the public sector, Brynard refers to the historical development of the public service from 12 government departments from 1910 to 39 before Prime Minister Botha started with the rationalisation of the public service in 1979. It also includes the establishment of control boards, research institutions, quasi-autonomous institutions, local authorities and establishment of self-governing territories and “independent” states in South Africa. (Hanekom, Rowland and Bain, 1986: 221-223) According to Brynard, problems emanating from the increase in state institutions were proliferation of government institutions and increased spending.

During 1979, the cabinet of Prime Minister P.W. Botha approved a rationalisation program. Brynard, refers to the rationalisation as “reform”, which cannot be classified as reform as is postulated in this thesis. The impact of the program was briefly the following (Hanekom, Rowland and Bain, 1986: 221-223):



- Restructuring.
  - The 39 government departments of the South African government were reduced to 22 and the quasi-autonomous government institutions were reduced and linked to government departments for budgeting and reporting purposes.
- Personnel system development
  - A new personnel classification and remuneration system was introduced.
- Rationalisation of legislation
  - The South African Law Commission was instructed to rationalise legislation, which were outdated and unnecessary.

#### 4.1 Critique on the earlier rationalisation in South Africa

The salient results of the 1979 rationalisation were described by scholars as having the result that a smaller number of departments were created and a decrease in the number of quasi-autonomous government institutions occurred. The third result was a clear division between the functions of government and quasi-government institutions. (Roux et al, 1997: 40). No scholar reported that the “rationalisation” program, which was launched in 1979, had any cost efficiency impact on government spending. Any possible gains from the 1979 rationalisation were negated by the constitutional changes introduced through the Constitution of the Republic of South Africa Act, 1983 (Act 110 of 1983) and the subsequent dispensation for the different racial groups.

Organisational restructuring does not constitute reform *per se*. It could yield reform results if it was intended as a measure to improve the public administration to benefit



the public. Reform, in most countries is publicly known and the outcomes visible, with cost savings and an improvement in the outputs and outcomes of a department, such as was the case with the reform in the United Kingdom (UK). In the UK more cost effective and productive service delivery organisation units were created which were meant to reduce the size of the public service and give public managers more freedom to manage. (United Kingdom, 1988). One of the focus areas of the 1997 “reform” in South Africa was personnel administration. The personnel classification system created new job titles and more opportunities for promotion due to the larger number of ranks. No evidence exists however, that it increased the efficiency of the public service.

According to Caiden, (1971: 123-127) the managers responsible for reform must identify the root causes of undesirable outcomes, be able to formulate feasible corrective measures and be willing to overcome historical, cultural, economic, social, political and administrative obstacles. In comparison to the actual transformation initiatives and reform intentions of the ANC government after the 1994 election this can not be argued as true of the 1979 rationalisation interventions, which scholars such as Brynard refers to as “reform”. The economic, social and political dispensation remained unchanged until after the unbanning of the ANC and other political parties, and real change was ushered in with the 1994 general election. After 1994, the public service went through transformation and rationalisation, but has yet to be reformed as contemplated in the WPTPS and as proposed in the report of the PRC.

The political roots of the proliferation of the public service, up to the unbanning of political parties in 1990, was only effectively addressed with the Constitution of the Republic of South Africa Act, 1993 (Act No. 200 of 1993) and the later Constitution of the Republic of South Africa Act, 1996 (Act No. 108 of 1996). Although the public services for Whites, Coloureds, Indians and Blacks were consolidated after 1994, comprehensive administrative reform in the public service has as yet to be instituted.

## 5. ADMINISTRATIVE REFORM: ORIGIN AND DEFINITION

Caiden writes that there has never been a period in recorded history when men were not experimenting with reforms, but not until the present century has there been a concerted effort to approach the subject systematically. (Caiden, 1969:17 – 23). The notion of reform as a way to improve government was refined towards the end of the 1900's but its application became widespread only from the 1970's onwards.

In 1995 when the WPTPS was gazetted in South Africa, the concept of public sector reform was relatively unknown among senior managers in the public service (Visser, 1999) (Fifield, 1999). Although some of the senior managers in the South African public service were aware of reform which were introduced in the United Kingdom in the 1970's, and 1980's, their attention was directed to managing a political reform process. In the 1980's the formulation and implementation of the Republic of South Africa Constitution Act, 1983 (Act No. 110 of 1983) required the attention of most senior managers in the public service. At a time when Prime Minister Margaret Thatcher in the UK, in the early 1980's, was implementing a radical public service reform, the South African State President, P.W. Botha, initiated political reform through the Constitution of the Republic of South Africa Act, 1983 (Act 110 of 1983). It could therefore be concluded that South Africa was never subjected to administrative reform to the extent that countries such as the United Kingdom, New Zealand, Australia, or the Eastern European countries, after the collapse of communism, introduced.

### 5.1 Origin of administrative reform

The theory of administrative reform has its roots in the United States of America. The reform movement started in the USA in the early 1800's when the opposition party and academics became dissatisfied with the way government was conducting its business (Caiden, 1969:17).

During the second half of 1800's economic development was slowing down in the USA. Public services were rendered in an inefficient manner, and political scandals gave the opposition parties ample reason to take action to change the situation. Opposition parties began to question the role of government and in particular the spoils system. The spoils system, initially intended as a democratic guarantee that not only politics but also the public service was "for, through and by the people" had deteriorated in to political clientelism, nepotism and corruption within the administration. Between 1870 and 1917, the main opposition parties brought the situation under the attention of the media, educational societies and professional associations. When they were ensured of adequate support, and started to challenge the ruling party (Caiden, 1971).

Woodrow Wilson, an academic and leading member of the National Service Reform League, played a critical role in conceptualising public administration as a discipline. (Wilson, 1887). In dealing with the influential role of politics in administration at the time, he argued that politics and administration must be separated<sup>3</sup>. This concept was also espoused by Goodnow, a contemporary of Wilson. Goodnow was a professor in administrative law at the Columbia University and also interested in the reform drive. In 1900 he published a book *Politics and Administration* (Goodnow, 1900) which, in the contemporary idiom of reform could be described as having defined one of the motivations for reform interventions, e.g. the established government agencies. Government agencies are accountable to ministers but have more operational discretion than a departmental head.

Goodnow's publication, intended as a theoretical introduction to comparative administrative law, was a polemic on the need for extensive overhaul of the American system of government (Caiden: 1971). Goodnow believed that political control was too strong in the United States. It undermined efficient administration. He argued (Goodnow, 1900: 85) that non-partisan administrative functions should be depoliticised. Like Wilson, he emphasised strengthening the executive over the

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<sup>3</sup> Chapter 4 (2.1.1) will indicate that the separation of politics and administration is one of the principles which motivated the "next steps" agency concept in the United Kingdom.



internal administration and the reduction of legislative control. Perhaps the most important contribution that Goodnow made to the reform movement, was his argument for the distinction between politics and administration.

Goodnow (1900: 85) motivated the separation between politics and administration by stating that there "...is a large part of administration which is unconnected with politics, which should therefore be relieved very largely, if not altogether, from the control of political bodies". He reasoned that some parts of administration are unconnected with politics because it embraces fields of semi-scientific quasi-judicial and quasi-business or commercial activity – work which, according to him, has little if any influence on the expression of the true state will.

Goodnow's distinction between administration and politics is indeed a sound principle which was for the first time effectively used during the reforms in the United Kingdom, which started in 1979. The government agencies created during the "next steps" program are responsible for performing operations for government departments, while the policy function remains with ministries. (United Kingdom, 1991: 9).

Had it not been for protagonists such as Luther Gulick, who did not support the politics-administration dichotomy, the USA could have been the first country to apply the separation in a practical manner like the United Kingdom. Gulick became the first director of the National Institute of Public Administration in 1921 and had a profound influence in demolishing the politics-administration dichotomy. Gulick (1933:63) argued that elected legislative and executive officials do not interfere with the details of administration, and conversely, the rank and file of the permanent and skilled staff do not meddle with politics, because "...this division of work makes use of specialisation and appears to give better results than a system where such a differentiation does not exist"

According to Caiden, (1971: 119 – 121) the USA was one of the first countries to commission administrative reform. In 1933, President Roosevelt appointed the Social

Science Research Council (SSRC) to carry out an investigation into public personnel administration. The commission of inquiry consisted of Gulick, Merriam and Brownlow and the final report was issued in 1936.

In March 1936, President Roosevelt appointed the same team, as the President's Committee on Administrative Management, to review the federal machinery of government. Its task was to advise the President on *the principles* of reorganisation, not the details. The Committee produced what became known as the Brownlow report. The thrust of the report was to make the federal democratic government modern, efficient and effective in carrying out the national will. To this end, simplification of systems, better methods and higher official salaries were needed. In particular, the report found that (Caiden, 1971: 120):

- white House staff needed to be increased;
- agencies such as those responsible for the budget, personnel and planning, needed strengthening;
- the merit system need to be extended to all non-policy-making posts;
- service in the federal government should be made an attractive career option;
- all agencies should be organised into a few large departments, and
- the fiscal system should be organised to reflect the best governmental and private practices.

The President of the United States of America made his own inputs to the report, which was presented to Congress on 12 January 1937. The recommendations, after a debate and revision of the proposals were accepted by Congress in 1939.

From the earliest time where administrative reform was commissioned to improve the machinery of government, some reform practices began to emerge. Firstly, the head of state takes the responsibility for the effective functioning of the public service experts to investigate what could be improved. Secondly, the legislature approves the proposed administrative reform interventions and, thirdly, the reform interventions were monitored after they were introduced.

After the Second World War, Western Europe became the cradle of the modern administrative state. It became the major inspiration for administrative experimentation and reform. Kickert (1997: 17) writes that the 1980's and 1990's were the "golden age" of administrative reforms in the Western World.

The most obvious need for reform was based on the financial- economic need to reform. In the 1980's it has been the British government under Prime Minister Thatcher who took bold steps to change an entrenched system that has previously defied all attempts to change the pervasive administrative culture. According to Caiden, (1991: 210) no other country in Western Europe came near to such radical reform.

## 5.2 Defining administrative reform

As early as 1905, Webster's dictionary, of American origin, put the word "reform" in the context of improving government. It described reform as an "amendment of what is defective, vicious, corrupt or deprave" and "to put or to change into a new form or condition, to amend or improve by change of form, removal of faults or abuses, or the like, to restore to former good state, or to bring from bad to good". This description is confirmed by the Concise Oxford dictionary (1964) which states reform as "the removal of *abuses in politics*, or make better by removal of abandonment of imperfections and faults or errors" (own emphasis).

Administrative reform, as a phenomenon to improve the performance of government, is distinctly different from management consulting interventions. Unlike interventions to improve performance, which are mostly motivated by heads of departments, administrative reform requires the attention of politicians and the involvement of a substantial number of senior public officials. Reform cannot be instituted or carried out by a single person. Individuals could be prime movers, or have a strong personal influence, but for a reform to be successful it must be able to generate the support of many (Karim, 1992:31).



Reforms are normally introduced through direct involvement of politicians who respond in terms of government policies. Reform interventions are aimed at improving the operations of government and public administration. Quah, (1992: 121) describes reform as...”a deliberate attempt to change both (a) the structure and procedures of the public bureaucracy (i.e. reorganisation or the institutional aspect) and (b) the attitudes and behaviour of the public bureaucrats involved (i.e. the attitudinal aspect), in order to promote organisational effectiveness and attain national development goals”. Thus it could be argued that the scope of reforms would include changing the operational structures of governments, namely their departments, altering their work methods and procedures and the behaviour and attitudes of the managers and operational staff. This would apply when a comprehensive public sector reform is introduced or whether it is only focused on improving the functioning of the public service.

By public bureaucracy Quah means a “civil service system” (1992: 121). According to Quah, quasi-governmental bodies or public enterprises or institutions such as the armed forces in the Philippines, Singapore and Thailand, is not part of the public service system.

For purposes of describing bureaucracy in an administrative reform context, it means senior officials, who are influential in policy-making. The view of Dror (1989: 95) is supported, who writes that the political executive and bureaucracy (and sometimes the party bureaucracy in single-party states) form a symbiosis. He is of the opinion that the political executive may control the operations of the bureaucracy closely, while the bureaucracy may enjoy extensive *de facto* and even *de iure* autonomy from the executive. He writes (Dror, 1989: 95) that the general tendency is that the bureaucracies are becoming “more influential for most policy issues, because the issues are becoming more complex and because government tends to depend more and more on organisational decision-making processes”. It is thus obvious that senior managers could have an influential role in initiating administrative reform. Senior managers which act as advisors to their political heads of departments, could interpret

critique from the political opposition on the functioning of the machinery of government and advise his or her political head to initiate a civil service reform process to improve the overall efficiency and effectiveness of government.

Both politicians and the bureaucracy play a role in administrative reform programs, which may take different forms and use various approaches and methods of intervention, depending on the country's heritage. (United Nations, 1983:1) The bureaucracy is however, influential in implementing proposed reform interventions of politicians, of which the efficiency and the effectiveness of the public service is of primary importance. The World Bank (World Bank, 1994:1) states unequivocally that in many Sub-Saharan countries the "development efforts are threatened by the ineffectiveness of the civil service". Caiden (1991:1) is also convinced of the crucial role of the public service in attaining political objectives and defines administrative reform as "the induced systemic improvement of public sector operational performance".

By definition, major reforms are distinct from normal and continuing administration and management improvement activities. The process of reform includes political decisions and the adherence of officials to such guidelines. Reforms require particular reform outcomes. For this purpose, the reform objectives, such as organisational restructuring and changing the attitudes of officials need to be defined by reformers.

Thornhill (1994: 4) writes..."reform refers to the *process or procedure* of becoming better by removing or abandoning imperfections faults and errors". It stands to reason that those objectively perceivable imperfections, faults and errors must be a motive or rationale for reform. Not all political bodies, or governments, would regard the same set of circumstances as imperfections or faults, but it would depend on their values and political persuasion. Neither would all political institutions have the political support to attempt to take action to change undesirable imperfections faults or errors. Only a government, who has political support and is a legitimate government, would have the opportunity to muster resources and rely on popular support, as opposed to active or passive resistance, to change undesirable situations.

It could be further argued that the process or procedure of becoming better is a premeditated action that requires the continued exertion of authority by politicians over the bureaucracy, until results are attained. Reform programs therefore unfold over time, and have a process dimension. The process dimension is part of Thornhill's definition of reform. In this regard he writes that should the "process or procedure aimed at becoming better be related to constitutional and civil service reform, it would require that particular attention be devoted to *policy-making processes, organisational structures and personnel matters as well as managerial issues*".

It could therefore be further argued that Thornhill implies that particular interventions are required to give effect to a government's intention to embark on a reform process. This could include policy-making processes, organisational structuring or restructuring, human resource development or personnel administration, which are the results of the reform *process*. The process dimension thus denotes the time dimension wherein reform ideas take root and are shaped into practical interventions. The reform process may produce any result, depending on the focus of the reformers and how they want to change the undesirable *status quo*. The approach of reformers during the reform process, which could be incremental improvements or a strategic departure from the *status quo*, determines the nature and extent of reform interventions.

Thornhill points out that of all the objects of change in administrative reform, the human dimension is the most difficult. He writes: "...institutional and procedural changes could be developed and implemented with relative ease. *Attitudinal change*, which lies at the root of reform is, however, the most difficult to achieve". (Own emphasis). The reason he gives is that to a large extent, human nature is difficult to change and even more so the culture and "collective attitudes of individuals comprising the public service." (Thornhill, 1994: 5).



Thornhill's definition of reform implies that it consists of a number of modalities<sup>4</sup>. It has been argued that the definition of reform has a number of inherent modalities, which have a direct bearing on the outcomes of reform interventions. If these modalities are extrapolated, they would have the following meaning:

- a *motive* to reform which is perceived by politicians and which emanates from the socio-political environment, which calls to change the *status quo* towards a desired state of affairs;
- a legitimate *institution* to design a strategy and oversee the implementation thereof to compare the outcomes with the desired state of affairs;
- a *process* modality which produces interventions to change imperfections and faults in the machinery of government to achieve a desired state of affairs; and
- a *human resource modality*, and in particular the attitudes of officials and politicians through which all governance, management and administrative actions are directed towards public goods and services.

The nature and contents of the modalities of reform will be further explained and described in the following chapters. Chapter 4 will contain the motivational and institutional modalities and chapter 5 the process modality and issue of human behaviour in administrative reform.

Most definitions of reform contain one or more of the modalities, which Thornhill implied in his definition of reform. Most definitions tend to be very cryptic and fall short of the essence, contained in the above modalities, of what has to be included in the process and method of administrative reform.

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<sup>4</sup> The term, modality is described and explained in chapter I (6).

If politicians have a fundamental understanding of the modalities of reform, they could confidently initiate and guide reform programs. A better understanding of reform could improve that chance for a sound beginning and eventual success.

## 6. CONCLUSION

After the elections of 1994, South Africa embarked on a societal transformation process. The transition process is from a limited democracy and fragmented society to a fully fledged democracy. The transition is especially evident in the public service, which was fragmented into eleven ethnic and racial units.

The policy framework to transform the public service is being done through the *White Paper on the Transformation of the Public Service* (WPTPS) of 1995, which projected the transformation of the civil service as a process which would have to end just before the elections of 1999. During the transition, reform would also take place, but it is envisaged that administrative reform would start only after the transformation of the public service.

The transformation focussed in essence on affirmative action, employment and service conditions, the development of human resources and the rationalisation of the public service. The rationalisation of eleven public services into one had to deal with separate entities with their own public service commissions or other form of central personnel authority. Legislation was necessary to re-order the personnel corps to establish uniformity in structure and terms and conditions of service. This was essential in order to ensure that every class of official, and indeed every individual official, would be absorbed into the new public service without infringing on their rights.

After the rationalisation process has been completed, the government has indicated its intention to reform the public service, through the publication of the WPTPS. The purpose of the WPTPS is to establish a framework to guide the process and methodology of transformation and reform.

Administrative reform had its origins in the United States of America during the early 1900's. The development of the concept came as a necessary outgrowth of the development as the discipline of Public Administration, which contributed towards the debate on government efficiency and effectiveness. Scholars such as Goodnow and Wilson argued that political control was too strong in the United States and that it undermined efficient administration. Non-partisan administrative functions, which he indicated, should be depoliticised. Like Wilson, he emphasised strengthening the executive over internal administration and the reduction of legislative control.

Although the administrative reform movement had its roots in the United States of America, countries such as the United Kingdom, New Zealand and Australia, were the first to transform their public services. Concepts such as the separation of the operational and policy functions, the establishment of government agencies to render public services, greater management autonomy and accountability to manage the agency like a business, were first introduced in the United Kingdom. Other countries such as Australia and Canada later adopted these practices.

Administrative reform could be defined as the process or procedure of becoming better by removing or abandoning imperfections, faults and errors in the structures and operational systems of government. The definition of reform implies that it consists of a number of modalities, which in essence refers to a motive to reform, a legitimate institution to design a strategy and oversee the implementation thereof, appropriate reform interventions, and a human resource element.

The notion of administrative reform is not generally known in the public service, because South Africa has not undertaken fundamental administrative reform such as the United Kingdom, New Zealand and Australia. Administrative reform could be defined as the process or procedure of becoming better by removing or abandoning imperfections faults and errors.



The rationale for reform for South Africa can be related to the transition of the Republic to a democracy. Prior to 1994, the previous National Party government introduced political reform, the last one in the early 1980's which resulted in the adoption of a new constitution in 1983. At a time when fundamental reforms were introduced in the Commonwealth and OECD countries around the world, the South African government was introducing political reform to maintain a non-democratic ideological policy of apartheid.

It could be concluded that the government is aware of the need to reform the public service. It has expressed itself through white papers and has commissioned the Presidential Review Commission to review practices in the public service with a view on what has to be done to improve service delivery. The proposed reform still has to be defined in terms of the exact nature and scope in the public service. Only then could it be officially launched and the implementation commenced with.

## CHAPTER 3

### ADMINISTRATIVE REFORM IN INDUSTRIALISED COUNTRIES AND SUB-SAHARAN AFRICA

#### 1. INTRODUCTION

In order to reform the public service of South Africa successfully, the government should take cognisance of the reform trends around the world. South Africa is part of Sub-Saharan Africa, and has to take note of reform in the continent, but it also has an economy with the highest gross domestic product (GDP) in Africa (United Nations, 1999: 49-50). It trades with industrialised countries and must therefore note how they conduct their reform, to stay globally competitive.

This chapter provides a survey of reform tendencies in industrialised countries and describes factors, which could influence reform in South Africa. It contrasts reform in the Commonwealth countries and the Organisation for Economic Co-operation and Development (OECD) with reform in Sub-Saharan African countries. Typical reforms in industrialised countries will be juxtaposed to induced reform in Sub-Saharan Africa, to determine whether South Africa should adopt reform practices from industrialised countries, or Sub-Saharan countries. Reform may be real, or only notable. They could be highly focused or specialised or they may favour extensive or comprehensive reform. Reform programs can be examined according to whether they are limited, focused or extensive.

Reform will be described as to whether it is comprehensive or sectoral. By comprehensive reform is meant that a range of reform interventions are introduced that affect most aspects of the public service, or public sector or both. Comprehensive reform may include privatisation, corporatisation or decentralisation. In contrast, some countries have a particular focus or a more limited focus e.g. the policy function regarding education, health or transport.

Most of the industrialised countries in the world belong to the Organisation for Economic Co-operation and Development (OECD). Almost all of them have embarked on reform in accordance with the interventions which were instituted by the United Kingdom in the early 1980's. Some of the reform interventions were also used successfully by countries such as New Zealand and Australia, which were in turn followed by other OECD countries around the world.

Halligan (1997: 3) is of the opinion that the United Kingdom, New Zealand and Australia were the first to introduce trend setting reform and most scholars refer to the reform in these countries as a basis for judging reform efforts in OECD countries. For this reason, the nature of reform in these leading countries will be described, and thereafter cases in OECD and Sub-Saharan countries, will be used as examples against which the South African system could be evaluated.

## 2. PRINCIPAL REFORM COUNTRIES

Halligan (1994:135-141) observes that the United Kingdom, New Zealand and Australia were the first countries to embark on real administrative reform and that they all demonstrated a particular pattern of reform. To distinguish these countries from other countries, which have embarked on reform in the rest of the world, he refers to them as "Anglo tradition" countries. The influence of these countries is also referred to as the "Anglo axis" (Halligan, 1997: 3).

The "Anglo tradition" and "Anglo axis" could be confusing as many countries are practising public management and administration in the so called "Anglo tradition". Halligan does not provide an explanation on what basis the Anglo tradition countries are different from the countries in the rest of the world. Countries such as Canada and India are also steeped in the "Anglo tradition". A factor which qualifies South Africa in particular as an "Anglo tradition" country is the fact that by 1914, Australia, New Zealand, Canada and South Africa were the only colonies which enjoyed "dominion" status as Commonwealth countries, and were part of the League of Nations. These "dominion countries" all had political parties dominated by



Europeans governing the countries. India never enjoyed dominion status but belonged to the League of Nations. (Rodee, Anderson and Christol, 1967: 334 – 337)

Since South Africa became a Union in 1910, its racial policies, were however of such a nature, that it was barred from the Commonwealth, when it became a Republic in 1961. After its alienation from the Commonwealth, the racial policy of “apartheid” of the governing National Party caused internal instability and external political pressures required it to reform *politically*.

Haligan (1997) writes that Canada has explicitly eschewed the path being followed by other 'Anglo' countries. In Canada, competitive service provision or the contracting out of services, are not being actively explored. Some scholars are of the opinion, however, that the Canadian results should only be evaluated after about ten years (Caiden, Halley & Maltais, 1995: 86 – 101). What has to be concluded however, is that the “Anglo tradition” countries have at least one common feature, and that is the fact that they all initiated reform in the early 1980's. (Commonwealth Secretariat, 1996).

The United Kingdom, New Zealand and Australia have spearheaded reform practices, and are trendsetters with a particular way of reforming. (Caiden, 1991) (Armstrong, 1991/92) (Kickert, 1997). It will however, be difficult to explain to former British colonies in Sub-Saharan Africa, and on other continents, who still have clear British government and administrative traditions, why they are not “Anglo tradition” countries. It would be more appropriate if the United Kingdom, New Zealand and Australia, who took the lead in reform initiatives, practices and methodologies, are referred to as *principal reform countries*,<sup>1</sup> instead as “Anglo tradition” countries or “Anglo axis” as the term is used by Halligan.

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<sup>1</sup> The term is not described in chapter 1. The Oxford Dictionary (1964) gives the meaning of *principal* as “first in rank or importance”. The Latin word, *principalis*, means first, original or most important. The first countries which initiated administrative reform after the second world war were the UK, Australia, New Zealand and Canada. In this thesis, they are referred to as *principal reform countries*.

## 2.1 Characteristics of reforms in principal reform countries

According to Halligan, there are similar reform characteristics present in principal reform countries. This is also evident from reports of the Commonwealth Secretariat (Halligan, 1994:135-141) (Commonwealth Secretariat, 1995): Typical reform characteristics are:

- major changes, such as the separation of political and executive functions and privatisation, are introduced;
- concepts are refined and elaborated on during the implementation process;
- implementation takes place over an extended period and continues under newly elected governments;
- strong and sustained political support for reform are present during the design phase;
- public officials are effectively engaged in the process; and
- a strong focus on a limited number of issues is maintained during the reform process.

It could be argued that since the early 1980's the principal reform countries followed similar reform patterns because their political leaders and senior bureaucrats had ample opportunities within the Commonwealth forums and the OECD to deliberate and convince each other of the benefits of reform. The principal reform countries did not follow the same reform process or introduced the same interventions. Both the United Kingdom and Australia commenced their reform with financial scrutinies, but the similarities, as far of the reform process is concerned, terminated there.

The reform pattern of the principal reform countries is comparable, as well as the reform results. Every country, however, relied on its own political and expert resources to attain its reform results. The first guideline for a future reform program for South Africa lies herein, namely to learn from international best practices and to use its own political and human resources to develop reform interventions to suit its

own local reform needs. South Africa has already departed from international best practices right at the outset of its proposed reform program in two ways.

Firstly, it made use of a Presidential Review Commission (Government Gazette No. 16838 of 24 November 1995) to investigate matters and to make recommendations<sup>2</sup>. None of the principal reform countries made use of a commission to determine what reform had to be introduced<sup>3</sup>. Secondly, it had a large number of foreign experts, who had to assess the shortcomings in the public service and to make recommendations. Amongst the Commission's 14 members, there was 4 foreigners. There were a further 10 Commonwealth advisors and 5 international experts, as against 5 local consultants (PRC, 1998). Nowhere in the report of the PRC, did any of the foreign experts caution against the "Commission approach", which was absent in the principal reform countries. The names of the commissioners, strategic and task team members and additional contributors are reflected in *Appendix 1*.

One could raise the question: would the "Commission approach" to a reform process, which was initiated by President Mandela, suit the management style of President Thabo Mbeki, who has to give effect of the recommendations of the Commission? The report, which was submitted in 1998, has not by February 2000, evoked an official response from President Mbeki.

South Africa should, rather than rely on foreign experts in its reform process, embrace the typical reform *characteristics* of the principal reform countries. Once the reform started in New Zealand's public sector, it was sequential and fairly explicit. The Treasury played an important role to make inputs to the government prior to the election of the new government in 1984. Privatisation and reform of the core public service followed corporatisation. Intergovernmental reform (focusing on local government) and financial management reform were next and subsequently attention centred on the "non-commercial" welfare state. An extension to this agenda included the employment contracts, fiscal responsibility and further significant

<sup>2</sup> The mandate and term of reference of the Presidential Review Commission is described in chapter 2 under section 3.1.

<sup>3</sup> The institutional arrangements for reform and the methods which were applied by the principal reform countries will be described in chapter 4, point 3.



management refinements in the 1990s. (Wensing 1997: 1-24) (Duncan and Bollard, 1992: 3-145) (Halligan ,1997)

For Australia, the process was somewhat different and the development of initiatives more protracted. The main elements of the reform program focused initially on the core public service (including commercialisation, decentralisation and a new dispensation for the senior management cadre of the public service) and improving financial management, followed by corporatisation and later privatisation. The mid-1980's produced new directions, which were linked to the emerging micro-economic reform agenda, the most significant element being the major reorganisation of the machinery of government. Australia concentrated much more on the core public service reform because the need for corporatisation was less pronounced than in New Zealand, and privatisation was resisted more. Dawkins,1995: 237-243) (Ives, 1995, 319-331).

## **2.2 Future of reform in the principal reform countries**

The so called “next steps” government agencies in the United Kingdom were based on a separation between policy-making, which were to remain with ministers, and operational functions, which were devolved to the specially created government agencies. (United Kingdom,1989). To date there is still not clarity where ministerial policy ends and operational policy begins, and whether the Home Secretary or the functionary in the agency is accountable.

During a conference for best practice in public administration in Canberra in 1997, Mr Robin Mountfield, Permanent Secretary of the Office of Public Service in the UK, explained (Mountfield, 1977) that his department did not have the quality of people to monitor the performance of the agencies in the centres of departments. He said control is perceived negatively by the management of agencies, but they would become self-serving unless there is a very tight system of portfolio management in the heart of the department. The department, or a similar group alongside it, ought to be responsible for evolving the policy overview, which will inform the management of the agencies. This process, cannot be completely separated from the management

of the agency. He stresses that if the formal responsibility of managing an agency is separated from that of policy-making, muddled thinking could be the order of the day.

Halligan (1997) argues that Australian reform strengths include: combining a strategic approach and pragmatism, a capacity for sustaining reform over time and a ability for learning from other experiences. However, although the accomplishments of the Australian reform program appeared to be substantial by the early 1990s, it seemed to lose its momentum during the decade.

Australian weaknesses may result in part from its strengths. The knowledge that Australia was a leader in the reform field may have affected the capacity for and effectiveness of its learning over time. Excessive pragmatism may also be a source of weakness, the lack of a theoretical focus and the capacity for comparing with other public sectors in the OECD (Halligan (1997).

A lesson, which South Africa could learn from reforms in the principal reform countries, is that the reform interventions must be explicit, with a definite end and a stage where its impact has to be assessed. Reform cannot continue indefinitely. The principal reform countries were leading by example in the 1980's but as Halligan (1997) observed, Australia appeared to have lost its momentum in the 1990's. Irrespective of the positive results, which were attained in the principal reform countries, possible reform interventions cannot remain indefinitely on the agenda of the government. It appears that "reform fatigue" sets in after major changes occurred, which results in disinterest from the politicians and less innovation from senior officials, in the management echelon.

### 3. REFORM IN THE ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT COUNTRIES

The forerunner to the Organisation for Economic Co-operation Development countries was the Organisation for European Economic Co-operation which was formed to administer American and Canadian aid under the Marshall Plan for the

reconstruction of Europe after World War II. The OECD has been instituted through the *Convention on the Organisation for Economic Co-operation and Development* on 14 December 1960 in Paris (OECD,1999 (b)).

The first three decades were spent on building strong economies of the member countries. The OECD focus now include global economic issues such as the retention of a market share in an increasingly knowledge-based economy in a post-industrial era and the promotion of market economies in the former East Bloc countries. The OECD is not a closed club but countries have to meet particular requirements regarding market economy principles and a pluralistic democracy to become a member (OECD, 1999 (b):1).

The OECD presently consists of 29 countries. The original 20 members of the OECD are located in Western countries of Europe and North America. They were later joined by Japan, Australia, New Zealand and Finland. More recently Mexico, the Czech Republic, Hungary, Poland and Korea joined. The countries are, in alphabetic order:

Australia	1971	Austria	1961
Belgium	1961	Canada	1961
Czech Republic	1995	Denmark	1961
France	1961	Finland	1969
Greece	1961	Germany	1961
Hungary	1996	Iceland	1961
Italy	1961	Ireland	1961
Japan	1964	Korea	1996
Luxembourg	1961	Mexico	1994
Netherlands	1961	New Zealand	1973
Norway	1961	Poland	1996
Portugal	1961	Spain	1961
Switzerland	1961	Sweden	1961
Turkey	1961	United Kingdom	1961
United States	1961		

One of the services which the OECD render to their member states is to promote best practices in aspects of public management, such as accountability systems, policy- and decision-making structures and reform. (OECD, 1999 (b)). Since the end of the 1970's almost all the member countries of the Organisation for Economic Co-



ordination and Development have introduced reform programs (OECD, 1990) During March, 1996, a ministerial symposium for ministers responsible for public management from OECD countries came together for the first time (OECD,1996). They were challenged to discuss public management from the point of view of political leaders. They responded by addressing it as a change process, a part of democratic government and a key element in sustaining strong economies. They were interested in the techniques of public management and in the experiences of the different OECD countries. The chairperson noted seven ways in which OECD countries have responded to pressures for change in the role and structure of government:

- decentralisation of authority within governmental units and devolution of responsibilities to lower levels of government (for example, municipalities);
- re-examination of what government should both do and pay for, what it should pay for but not do, and what it should neither do nor pay for;
- downsizing the public service and the privatisation or corporatisation of activities;
- consideration of more cost-effective ways of delivering services, such as contracting out, market mechanisms, and user charges;
- customer orientation, including explicit quality standards for public services;
- benchmarking and measuring performance; and
- reforms designed to simplify regulation and reduce its costs.

According to an OECD report of 1997 (OECD,1997: 2-3) governments are engaged in ongoing, high-profile and comprehensive reform. Some reform programs in the countries are, *inter alia* :

- *Mexico* with the launch of its “Program to Modernise the Public Administration 1995- 2000” (announced in 1996);
- *Denmark* with its “New Views of the Public Sector” (1993) followed by “Welfare for Citizens” (1995);
- the *United Kingdom* with its “Continuity and Change” (1994) and with later initiatives;
- the *USA* with its National Performance Review (begun in 1993);
- *Canada* with its “Getting Government Right” (1996);
- *France* with its current plans to modernise the State (begun in 1995);
- *Ireland* with its “Delivering Better Government” (1996);
- and *Germany* with its “Lean State” reform (1995-1997).

From the above OECD report it could be deduced that the OECD countries are continually adapting their administration to be economically competitive. South Africa is not part of the OECD, but the OECD is willing to share its experiences (OECD, 1999: 1-2). Due to South Africa’s political isolation before the unbanning of the ANC and other political movements, it could not share ideas and study comparable countries to establish practices for administrative reform. If South Africa wants to compete internationally, it has to take note of the issues identified by reforming countries and ensure that such issues are attended to in future reform programs.

The positive experiences of the UK, New Zealand and Australia as principal reform countries have given other OECD countries the opportunity to freely interact with them on reform experiences. On a continuum of progress with reforms in the OECD countries, a simple spectrum ranging from extensive to limited reform are experienced. On the one end, the United Kingdom, New Zealand and Australia, are examples of countries that have reformed comprehensively. At the other end, Germany and Japan have experienced limited reform (Halligan, 1997).

According to Jann, (1997: 84 – 89) *Länder* such as Saarland, Schleswig-Holstein and Brandenburg are pursuing the *Neues Steuerungsmodell* (NSM) (“New Steering

Model”). In the area of public personnel management, concepts such as performance-related pay, teamwork and total quality management are introduced in the government. Fewer hierarchies are introduced, more flexible structures and decentralised, semi-autonomous units with their own resource authority are implemented. Financing reflects more flexible budgeting, transparency and the introduction of internal cost accounting. Procedures are now more customer driven and output oriented, while results are measured and cost effectiveness are compared to that in the private sector.

During 1981, the Netherlands centre-right government stated a reconsideration operation (*heroverwegen*) which was comparable to the British scrutinies. The reconsideration exercise was posing the question whether government was focusing on its core functions and if these activities were properly executed. The result of the reconsideration exercise was that a number of state institutions were privatised, such as the post office, government purchasing office and departmental units such as accounting and organisation specialists. (Verhaak, 1997: 159). During the initial 1981-1982 reconsideration, which focused on privatisation and the profit principle, 48 areas were subject to consideration. In 1989 the Social Democratic party won the election and ordered a reconsideration in 1990, which resulted in the establishment of government agencies, which according to Verhaak (1997:166) was inspired by the British concept of government agencies. The Archive Office, became an agency and computer centre for departments.

The reform in Sweden (OECD,1998:2) was introduced after a period of sharp deterioration in general economic trend in the early 1990's. The Government and *Riksdag* resolved to implement budget policy restrictions and the following budget policy objectives were established:

- the debt ratio (government debt as a proportion of GDP) was to be stabilised in 1996;
- the deficit in public-sector financial saving was not to be permitted to exceed 3 per cent of GDP in 1997;
- revenues and expenditure were to be in balance by the year 1998.



In 1997, the Swedish deficit, measured according to the rules in effect in the European Union, was 0.8 per cent of GDP. The government's long term goal is that public finances should show a surplus of 2 per cent in public finances of GDP (OECD, 1998:2).

Other reforms in Sweden (OECD,1999:4) focussed on management autonomy and delegation of decision-making and greater autonomy for government agencies. Since 1990 some 160 agencies have been closed and about 100 new ones were formed. Several public utilities and other state-owned enterprises have been incorporated. Due to the general deterioration of the central government administration, the Public Management Commission instituted evaluations. The Swedish reform from 1999 onwards (OECD,1999: 7) will focus on:

- retaining only core government services;
- enhancing the skills of public officials;
- performance management of government functions, and an
- emphasis on interaction with the public through information technology.

The Norwegian reform is not predicated on the international reform trends of the principal countries, which, according to the government, do not apply to them (Norway, 1999:1-2) for the reasons as listed below.

Firstly, the government regards the international reform phenomenon, to comprehensively overhaul the public sector, as not being relevant to Norway. Norway regards the practice of opposition parties, which come to power and initiate reform because the policies of the governing party is being perceived as illegitimate and inefficient, to have no bearing on Norway. The Norwegian government regards it as having been historically legitimate and efficient.

Secondly, Norway does not regard its public sector as too interventionist and powerful, but as an appropriate instrument to achieve the best results for the common good of the public.

Thirdly, the international belief that the development of interests groups and civil society is a substitute for popularly elected governments, does not apply to Norway. Governmental co-operation with non-governmental institutions in Norway has traditionally been regarded as an extension of the democratic system and a stabilising element in the shaping of public policy.

From a political perspective, the Norwegian government is of the opinion that *conservative governments* like those of Margaret Thatcher (England) and Ronald Reagan (United States of America) are the main contributors towards reform. In Norway however, social democratic governments are popular. From an economic perspective, Norway has oil reserves, which is an important source of government revenue, thus obviating the need to shrink the size of the public sector to decrease government expenditure on personnel (Norway, 1999:2).

The main purpose of the Norwegian reform is to reduce political constraints and render state-owned enterprises more competitive. The government pursues corporatisation for its benefits in governmental organisational flexibility and improved efficiency. Some government institutions, such as the telecommunications department, has been privatised. In Norway, privatisation, deregulation and contracting out does not enjoy the support of government and the majority of political parties. For some government agencies, however, functions such as employee restaurants and information technology services, are being provided by private enterprises (Norway, 1999:2)

The reform of the Norwegian Government comprises a two-year-programme called *Simplifying Norway*. The objective is to strengthen and co-ordinate the government's efforts to (Norway, 1999: 13)

- simplify government regulations for the business sector;
- decrease central government control over municipalities on reporting and compliance in order to allow them more local autonomy for service production, and to

- create a simplified environment for citizens to understand and communicate with public offices.

The reform is being co-ordinated by a cabinet committee chaired by the Prime Minister. All government agencies must produce *service declarations* by the end of the year 2000, which are user-oriented. The main objective of service declarations is to make service users aware of the services of the government agencies, the rights and obligations of citizens using services, improve access to information, create channels for dialogue and complaints and speed up service delivery (Norway, 1999:13).

From the Norwegian reform, it is being deduced that the country did not follow the main reform trend of the principal reform countries, namely the creation of government service agencies and enter into performance agreements with such agencies. Although international trends in the United Kingdom, New Zealand and Australia are to relax direct central government control over line functions and to decentralise operations to agencies, which are managed through commercial principles, Norway has chosen a reform strategy which is less market-oriented than in countries such as United Kingdom and New Zealand.

### 3.1 Main reform trends in OECD countries

The OECD governments have adopted a wide range of reform approaches and specific initiatives, although the general directions have similar traits. They include (OECD, 1996:2-8):

- a continuation of the trend towards devolving managerial authority to provide greater flexibility in achieving public policy goals, supported by improved resource management;
- a focus on results and accountability where managerial autonomy was granted to decentralised operational units;



- an emphasis on service quality that involves public consultation and leads to public services that are more relevant to needs and more responsive to demands;
- adaptation of organisational structures to improve service, performance, accountability and efficiency;
- a focus on the importance of an effective public sector work force and leadership, to facilitate the required performance orientation and service-oriented public service culture;
- regulatory reform as a tool to improve the capacity of governments to achieve policy objectives efficiently and effectively, and
- a strengthening of steering functions to direct reform interventions strategically and promote policy coherence on cross-cutting issues.

From the reform traits in the OECD countries it is apparent that governments desire to meet citizen demands for effective services and are pursuing improved government performance. There is also evidence to contain the size of the public sector. The presence of the principal reform countries within the OECD, such as the United Kingdom, New Zealand and Canada, and their reform experiences of economic rationalist-managerial governance, contributed towards some countries, such as the Netherlands and France, adopting “agency” concept (Callender and Johnston, 1997: 55). Halligan (1997: 1-4) observes that reform debates within the OECD, to some extent, revolves around comparing the reform of member countries with those of New Zealand and Australia. The role of the “new public management”<sup>4</sup> and the influence of the so-called 'Anglo' axis has become a basis for judging reform efforts in OECD countries.

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<sup>4</sup> The concept will be described in chapter 6, paragraph 3.

South Africa, which is not a member of the OECD, has thus not been exposed to pressures to follow modern reform trends which are particularly prevalent in the principal reform countries. South Africa is, however, part of the Commonwealth, and it could be expected that it shall be presented with reform models in the principal reform countries within institutions such as the Commonwealth Association for Public Administration (CAPAM).

Warrington, (1997:11) emphasises that what are essentially characteristic and ethnocentric ideas to some, do not always transfer well between countries. He is of the opinion that while ideas are transferable to new settings, the instruments for realising them remain ineffective as long as they are inconsistent with local themes, patterns of thought and behaviour. He provides the example that the interpretation of the *merit principle* in the public service of a state emerging from *apartheid* or one-party rule would be different from its interpretation in a stable democracy with a history of political neutrality.

It could therefore be expected that while the OECD countries face an increasingly common agenda of public management issues, and share a repertoire of responses, there would be no single model for effective public management, nor one common replicable solution. Public management improvements require ongoing efforts suited to each country's circumstances. The same would hold true for South Africa. Some of the recommendations of the Presidential Review Commission (1998), are comparable with reform trends in the OECD. It should however be left to South African reformers to design interventions, which the majority of politicians and senior managers are comfortable with, to implement.

#### 4. REFORM IN SUB-SAHARAN AFRICAN COUNTRIES

The World Bank has several instruments to support declining economies in developing countries. At the end of 1991, there were fifty-seven Bank-supported operations, including structural adjustment loans (SAL's), and technical assistance loans in Africa. (World Bank, 1994:1) The Technical Department of the World Bank, through its Capacity Building and Implementation Division, together with

governments, helps prepare targeted operations, based on an understanding of the critical impediments to a well-functioning public administration. It is the view of the World Bank (1994: 1-5) that in various Sub-Saharan Africa countries, development efforts are threatened by the ineffectiveness of the public service.

With regard to the structural adjustment loans, the Bank focused on only two key components, firstly on retrenchment to reduce the wage bill and secondly on reform of pay and employment policy as incentives for greater efficiency/productivity in the public service. With regard to technical assistance loans, it generally focuses on the dual purpose of building institutional capacity and physical implementation of projects/reform programs (World Bank, 1993: 1-5) (World Bank, 1994:1-5) (Corkery 1997: 1-10).

The involvement of the International Monetary Fund in issues of governance is primarily concerned with macroeconomic stability, external viability and orderly economic growth. Its contribution to good governance is mainly in two spheres regimes (IMF, 1997: 2):

- to improve the *management of public resources* through *reforms* covering public sector institutions such as central banks, public enterprises and the public service (own emphasis);
- to support the development and maintenance of an economic environment conducive to private sector activities, such as bank and price systems and exchange and trade.

In order to improve the “management of public resources” in developing countries where the IMF renders a support function, the mechanisms, which the IMF utilises, are (Ouattara, 1998:3):

- an enhanced structural adjustment loan facility which contains conditions attached to IMF funds to improve the efficiency and effectiveness in specific public sector areas, such as personnel productivity, private sector markets and trading;



- a joint initiative with the World Bank to reduce the debt of poor countries (most of which are in Africa), and
- emergency assistance in countries which were subjected to conflict situations.

It can therefore be argued that the World Bank group, which includes the International Monetary Fund, becomes involved in the management and administration of the public sector after politicians have failed to create a stable macro-economic environment. As in the principal reform countries, political leaders in Sub-Saharan countries have to take a lead to ensure social legitimacy and macroeconomic stability, wherein liberalised markets for trade and investment could prosper. A well functioning public sector is essential to create an environment wherein the public feels secure and:

- government is predictable and economic policy will remain stable;
- the relationship between government and the private sector investors are regulated and not subject to the arbitrary judgements of bureaucrats, and
- conflict between government and the private sector is regulated through and independent judiciary.

Corkery (1997:2-3) writes that during the 1980's, most programmes of civil or public service reform in sub-Saharan Africa were in the framework of structural adjustment programmes (SAP's) – many, but not all, externally generated. The focus of the SAP's were to eliminate budget deficits and to improve the role of government in structuring the economy of the countries.

It can be argued that in Sub-Saharan Africa countries, reform programs are induced by external monetary institutions, mainly due to their failure to create a favourable macro-economic environment. When public sector reform is introduced, it is often made complex by the dual objectives of reform to address deteriorating economic conditions and to increase efficiency in the public sector. In most cases where external aid is offered by institutions such as the World Bank and the European Union, administrative reform is included in the aid package to assist the public sector.

The Policy Framework Paper for 1998 – 2000 of the World Bank and the IMF for the Enhanced Structural Adjustment Facility for Burkina Faso, provides for a range of interventions as part of the country's macroeconomic and reform strategy (IMF, 1998,16). The strategy, as far as the public service is concerned, is to make it more cost effective and to decrease the wage bill. It includes:

- improving the operational management of the government personnel system;
- improving the quality of services provided by public servants, by *inter alia*, the introduction of a merit-based promotion system, and making use of contract staff;
- implementing comprehensive public service reform, through applying legislation that was developed for this purpose;
- promoting good governance through mechanisms and procedures to promote transparent public administration and citizen participation, and
- strengthening the social peace, accelerating the compensation of reinstated personnel and promoting a dialogue among labour, management and government

Where external agencies such as the World Bank and International Monetary Fund introduce public service reform as a component of structural adjustment programmes in Sub-Saharan countries, they are perceived as having been imposed or strongly influenced, from outside the borders of the country. (Corkery, 1997: 10). It could therefore be deduced that public servants that are subjected to structural adjustment programs could have initial hostile feelings towards to reform program. They would therefore firstly experience a lack of appreciation of the complexity of the reform process of enhancing the public sector performance in order to change the macro economic environment, and secondly, the need for the tight time scales imposed by the external agencies for the reform program. Furthermore, it could be deduced that the public officials would perceive that the reform program was designed because they did not perform to the norms set by the external agencies and would therefore not feel responsible for it. It could therefore be concluded that there would be insufficient understanding and alignment at national level of the imperatives of

economic and administrative reform, in the Sub-Saharan countries, which have been subjected to reform programs imposed by external agencies. Even though there is no reason to assume that South Africa would be subjected to structural adjustment by external agencies, South Africa could learn from the Sub-Saharan experience and involve particular senior public officials in the planning stages of its proposed reform program. This is currently not the situation, as the Presidential Review Commission was left to be the sole judge to identify the areas in the public service which need reform.

Most structural adjustment reform programs include measures to improve the performance of the public servants. The structural adjustment policy introduced by the IMF for Benin included administrative reform, which focussed on the public service compensation system. One of the interventions was that future pay increases would be based on performance, within the limits of budgetary constraints. (IMF, 1998: 2). Other interventions made provision for a unified personnel database and better auditing mechanisms. The remainder aimed at private sector development, reforming public enterprises, the agricultural sector, transport, and improving the efficiency of mining and energy outputs in the country. It is obvious that the focus of the administrative reform policies, which focused on the performance of the officials, were focused on assisting them to manage the macro economic policies to create an environment conducive to the growth of the private sector. It is self-evident that human resource development in a reform program is essential, because no matter what dysfunctional issues have to be addressed, it requires individuals to make the systems function efficiently and effectively to obtain desirable outcomes.

Scholars such as Mutahaba (1989:35), Caiden (1991), Olowu (1998:613) and Polidano, Hulme and Minogue (1998:285-286) are of the opinion that most administrative reforms in Africa have failed. According to them the social environment and the perceived need for reform among public officials are lacking in particularly those countries where the need for administrative reform is the greatest. Politicians and public officials in Sub-Saharan countries should be proactive to initiate administrative reform, but often perceive the process as having been designed by an external agency:



- which has differing value judgements to the indigenous notion of what constitutes the desirable state of affairs and the “good life” in their particular country,
- which has an interventionist rationale of abstract notions such as macro-economic principles which does not compare with industrialised countries elsewhere in the world, and
- which has Western notions of democratic processes and public management and which have been fading since the colonial period and the latter day post-independence practices.

The above deductions are confirmed by Mutahaba’s research on administrative reform in Africa (Mutahaba, 1989:35). He writes that the reform programs were not as successful as its supporters might have wished. Some factors, which contributed to the failures, were the dissonance between the successful implementation of reform measures, such as human resource skills and more effective organisation structures, and the societal system, which were poorly developed and which were not conducive to sustaining reform measures. Mutahaba describes the dilemma (1989:35) as: “Africa was trying to telescope several hundred years of the older states’ experience into two decades, at the same time adopting all the latest innovations.” The argument could therefore be forwarded that reform measures require more than a mere program of intent and timescales. Societal circumstances and readiness to maintain the reform interventions have to be acknowledged, and dealt with, in the process of implementing reform proposals.

Corkery (1997:2) writes that during the 1980’s the focus of structural adjustment programs of the World Bank was to reduce the government budget deficit. This usually led to the reduction in the size of the public service. This is however, a rather simplistic intervention to reform a developing country and in the 1990’s the World Bank changed its approach to model the reform assistance for a state based on what the Bank terms the “patrimonial system” of the country (World Bank, 1993: 1-2). In a patrimonial state, political and personal loyalties are rewarded more than merit. The state resources are used as a political reward and to reward supporters, and hence the

resistance to retrenchment programs. Therefore, the World Bank tailored its reform program depending on whether the patrimonial profile of the country is high, low or average. Typical interventions to neutralise the patrimonial system are (World Bank, 1993:2):

- changes to the role of the government and key institutions to render them more responsive and less oppressive to the public;
- effecting functional behavioural changes of public officials by changing incentive systems, and
- managerial and technological changes to enhance core functions of the government.

Corkery (1997: 6) writes that there exists a general scarcity of experience with public service reform in African countries. It is therefore difficult to effect deep-rooted changes to positively affect the lives of its citizens. Many of the current programmes are comprehensive, involving the whole central administration and in some cases, regions. Yet, there is little experience with reforms of this magnitude and even the experiences of industrialised countries on a comparable scale, are as yet under-analysed, so that it is difficult to draw lessons from them (Corkery, 1997: 5-7).

The World Bank admits that although it has financed a substantial portfolio dealing with different aspects of public service dysfunctions, there is still no agreed-upon conceptual framework which could help to translate knowledge into effective operations to address the qualitative aspects of the public service in Africa (World Bank, 1993 (b)). What works in developed countries cannot be fully transplanted into Sub-Saharan Africa. The Bank states that there is a distinct need for understanding the implications of different cultural and political systems. This does not mean that experience outside Africa is irrelevant, but that it needs to be adapted to the local/indigenous African environment, by ensuring that the design and management of reform is undertaken by nationally appointed public officials and politicians who are encouraged and assisted to fundamentally rethink the whole public sector system. Corkery (1997: 6-7) suggests that comprehensive reform requires different management strategies from those needed to manage a more limited reform exercise, for example, in a single ministry or agency.

The World Bank (1993 (b): 2) regards the three critical dimensions of public service reform as:

- the *institutional environment*, meaning the state and its relationships with private enterprises, non-governmental organisations, professional and community organisations;
- *economic management*, meaning budgeting, financial management, policy management and the improvement of management information systems and procedures, and
- *pay/incentive systems as they affect performance*, which have an impact on the quality of core economic functions as well as the provision/delivery of public services.

The narrow focus of the World Bank loses sight of the modalities of administrative reform as formulated in chapter 2. It is therefore not strange that Mr. Salvatore Schiavo-Campo, who manages the Public Sector Management Team of the World Bank's Technical Department for Europe, Central Asia, the Middle East and North Africa, wrote in 1996, that the public services in Sub-Saharan Africa countries have sharply deteriorated in almost every way since the 1970's. He cited Botswana as one exception, and stated that disappointingly, with few exceptions such as Uganda, public service reform in Africa has been limited to tinkering around the edges (Schiavo-Campo, 1996: 10 – 13).

If the three critical elements of public service reform, as advocated by the World Bank, is meant to fundamentally change systems to be more effective and efficient, it stands to reason that public service reform in Africa would require more long term remedial interventions than a "tinkering around the edges", as stated by one of the senior officials of the Bank. (Schiavo-Campo, 1996; 10 – 13). If the definition of administrative reform, as described in this thesis, is compared with the three critical elements of administrative reform of the World Bank, some voids in the reform package and approach of the World Bank are apparent.



#### 4.1 South Africa within Sub-Saharan Africa

South Africa has the largest and most diverse economy in Africa, with a gross domestic product in 1998 of US \$115967.5 million. The second best performer was Algeria with US \$65102.7 and Egypt with US \$61209.2. In 1998 South Africa's GDP comprised 21.65% of Africa's, while that of Algeria was 12.19% and Egypt 11.38%. Nigeria (8.11%) and Morocco (5.69) are the only countries in Africa with a GDP share of more than 5% (United Nations 1999:49-50).

The European Union (EU) classifies South Africa's economy as one which is "in transition". It has therefore been excluded from becoming a full member of the Lomé Convention. The Lomé system of non-reciprocal trade preferences was specifically designed to assist the development of some of the World's poorest countries. (EU News, 1999: 2). Thus, although South Africa is geographically integrated with the rest of Southern Africa and the rest of the continent, its single most discerning characteristic is its economy, which could be attributed in part to the economic policies of the government and ability to govern.

Unlike the seventy member countries from Africa, the Caribbean and the Pacific, whose economies are regarded as developing economies, South Africa does not enjoy the same trade access provisions, or the financial assistance package of the Lomé Convention. The EU negotiated a different agreement on trade, development and co-operation as well as a special programme for support with South Africa (Laidler, 1998: 47). The EU Ambassador to South Africa describes South Africa as the "powerhouse of Southern Africa or even of the whole of Africa". (Laidler, 1998: 50). The European Union regards the South African economy as having a dual nature, which in particular respects resembles that of a "developed" rather than a "developing country". With a per capita Gross National Product of US \$3040 billion in 1994, South Africa ranked amongst the upper-middle income countries like Malaysia, Brazil, and the Czech Republic. Its exports to Europe in 1997, were more than half of all the African, Caribbean and Pacific countries together, namely 16.6 billion euro against South Africa's 9.1 billion euro.

Despite South Africa's comparative economic advantage in Africa, the majority of the population is poor, unskilled and uneducated. In Africa, South Africa is the country with the highest degree of inequality in terms of income distribution (United Nations, 1999:19). To indicate income distribution, the United Nations uses the *Gini coefficient*, where zero (0.) indicates that every person in the society has the same income. Sierra Leone, one of the countries with the worst inequality in income distribution during the 1990's has a Gini coefficient of 66.67%, while South Africa has 58.5 %, followed in descending order by Kenya (58.3), Zimbabwe (56.5), Lesotho (56.3), Guinea-Bissau (55.8), and Senegal (54.1). The lowest degree of inequality in Africa is Egypt (32%), followed by Ghana (34.1%), Algeria, (35.5%) Niger (36.2%), and the Ivory Coast (36.9%) (United Nations, 1999: 19). The unequal distribution of income in South Africa is aggravated by the fact that the richest 20% of the population received 63.3% of the total expenditure budget. Zimbabwe is the second most unequal, with 62.3% of the total expenditure, followed by Kenya (62.1%), Lesotho (60.1%) and Senegal (58.6%).

In South Africa, 44% of the population lives *below* a poverty line of US \$26 per person per month (United Nations,1999:20). The situation is the worst in countries such as Guinea-Bissau (70%), Niger (68%), Tanzania (67%), Zambia (60%), Guinea (56%), Zimbabwe (55%), Uganda (52%) Kenya (50%), and Lesotho (48%) (United Nations, 1999:20).

The United Nations (UN) regards the economic development of a country as a sustained improvement in the well being of its citizens (United Nations,1999:30) To determine the state of *well being*, it makes use of the *Borda index*, which is computed as the sum of the rankings of each country by the levels of:

- real per capita gross domestic product, (GDP) in 1990 prices;
- life expectancy at birth;
- infant mortality, and
- adult literacy.

In terms of the Borda index, the worst performer has the lowest scores and the best performer has the highest scores. In terms of this index, the best performer is Seychelles and Mauritius with a score of 154.00, followed by South Africa with 141.00, Libya 137.00, Tunisia 135.00, Cape Verde 135.00, Algeria 131.00 and Swaziland 125.00. The worst performers are Sierra Leone with a score of 11.00, Mali, 26.00, Burundi, 28.00, Mozambique 32.00 Malawi 33.00 and Ethiopia 34.00.

For the reason mentioned in the previous paragraph, the World Bank has classified South Africa as a developing country (Olivier,1998: 21). Some parts of South Africa resemble typical rural impoverished Africa. In developing reform strategies for South Africa, the reform trends in the principal reform countries cannot therefore, be applied in South Africa without taking into account the dual nature of the economic development of the country. In the same way that Europe regards South Africa as a country with a dual economy which is too competitive *vis-à-vis* the African Caribbean Pacific members of the Lomé IV trade regime, the Presidential Review Commission regards the public service as reflecting a dire need for improvement in some areas, while performing well in other areas. (PRC,1998) The Presidential Review Commission found that the system of governance in the Republic of South Africa is in a “a number of crucial respects not working well at this stage of the transition process” and refers to the need to remedy the inequalities and inefficiencies of the past. The Commission recommended that the “role and functions of the public services have to be rethought fundamentally” (PRC,1998:230). This again emphasises the fact that administrative reform for South Africa requires comprehensive changes, based on an evaluation of the values underpinning the functioning of systems and structures.

Given South Africa’s public service which resembles a dual nature as confirmed by the EU, the World Bank and the PRC, the question is whether the typical reform interventions of the principal reform countries, or other OECD countries could be applied in South Africa. Due to the dual nature of South Africa’s state of economic development, the answer would probably lie halfway on a continuum of Sub-Saharan and the principal reform countries’ type interventions.



Societal circumstances and readiness of the public sector in South Africa to maintain and add value to reform interventions within the national and provincial spheres of governments have to be acknowledged, and dealt with, in the process of designing and implementing reform proposals. A simplistic approach to design and implement similar administrative reform interventions, throughout the public sector, would be in conflict with its dual developmental. From an independent assessment of the provincial system of governance in South Africa during 1998 for the Department of Constitutional Development (Humphries and Shubane, 1998:7-10) it becomes clear that the levels of administrative and managerial efficiency and effectiveness among provinces vary. The Western Cape and Gauteng provinces proposed that the Department of Public Works devolve powers to them to maintain physical state assets. (Humphries and Shubane, 1998:11) Provinces responded differently on issues such as co-operative governance and co-operation, division of revenue on the need for national government to monitor provincial performance (Humphries and Shubane, 1998:11-12).

Reports of the Auditor-General, as indicated in chapter 6, and the report of the Presidential Review Committee (PRC, 1998: 22) indicate that the level of managerial efficiency and service delivery vary. It has to be deduced therefore that when a national administrative reform program is designed, it must be suited to the particular efficiency and effectiveness levels of provincial and national departments.

Olivier (1998:23) argues that in a cultural context, South Africa will become increasingly less European or Western and more African, but would not exclude European values. Olivier (1998:23) writes that it seems as if South African Whites have travelled further down the road of becoming indigenous, than Australians have. He is of the opinion that the vast majority of South African Whites regard themselves as natives of Africa and that their life styles point to a “cultural metamorphosis of some kind, something akin to what happened in Latin America. The key question, according to Olivier (1998:23), is whether South Africa has the capacity to develop into a multi-cultural modern society. He argues that it is possible, if indigenous cultures are receptive to “modernisation” and concludes that this is the case in South Africa.

Karim (1992:28) describes modernisation as the process of expansion of new progressive social and cultural structures or orientation on a global scale. His research indicates that modern societies have more or less the same institutional patterns and he concludes that "...modernity is a progressive movement on the route of time and civilisation". The argument emphasises the fact that reform means that countries tend to copy each other's methods of public management and strive to create the same outcomes. Of course this would not be done simply because it is fashionable, but because it carries particular rewards with it, such as political acceptability and the benefits of economic growth.

The government of South Africa, has clearly indicated that it has its roots in Africa, but has accepted global scale modernity and Western trends. This is reflected in the Constitution of the Republic of South Africa Act, 1996 (Act 108 No. 1996). The Constitution reflects concepts which are distinctly European in their origin, such as a constitutional democracy (sections 1 and 2), universal suffrage (section 1) and a separation of powers between the legislative, executive and the judiciary (chapters 4, 5 and 8). It further protects the rights of individuals in a bill of rights (chapter 2), and entrenches the role of a constitutional court (chapter 8). It makes provision for accountable government and transparency (section 1), recognises federalism (chapter 6) and gives recognition to international agreements as part of the South African legal system (sections 231, 232 and 233).

Some African values, which are reflected in the Constitution, are a Commission for the Promotion and Protection of Cultural, Religious and Linguistic Communities (section 181). Economic and social rights are placed on an equal footing with civil and political rights (chapter 2), eleven indigenous languages are recognised (section 6) together with the institution, status and role of traditional leaders (chapter 12).

The intention of the government of South Africa to modernise government was not concluded with the Constitution. It was further expressed with the intended reforms of the public service expressed in the *White Paper on the Transformation of the*

*Public Service* (1995) and the Report of the Presidential Review Commission on the Reform and Transformation of the Public Service in South Africa (1998).

## 5. CONCLUSION

The United Kingdom, New Zealand and Australia were the first countries to embark on comprehensive public sector reforms. These countries could be termed principal reform countries and have some typical approaches and methodologies, such as the separation of political and executive functions and privatisation; conceptual refining and elaboration during the implementation process. The implementation process could be over an extended period and continues under newly elected governments. They also display strong and sustained political support for reform, public officials are engaged effectively in the process and the reform focus is on a limited number of issues.

Since the end of the 1970's almost all the member countries of the Organisation for Economic Co-operation and Development have undertaken reform programs. Member countries regard reform as a continuing process and unlike the principal reform countries, OECD countries have responded to the challenge in a somehow different way. Aspects, which are receiving attention, are decentralisation of authority within governmental units, re-examination of the functions of government, downsizing, cost-effective ways of delivering services, customer orientation, simplification of regulations, benchmarking and measuring performance.

Funding institutions such as the World Bank and the International Monetary Fund are of the opinion that in many Sub-Saharan Africa countries, development efforts are threatened by the ineffectiveness of the public service. Interventions include structural adjustment loans, technical assistance loans and social dimensions of adjustment related projects in Africa. The Technical Department of the World Bank, through its Capacity Building and Implementation Division, together with governments, help prepare targeted operations, based on an understanding of the critical impediments to a well-functioning public administration.



The World Bank regards the three critical dimensions of public service reform as the:

- institutional environment, meaning the state and its relationships with other institutions;
- economic management, and pay/incentive systems as they affect performance, which has an impact on the quality of core economic functions, as well as
- the provision/delivery of public services.

The World Bank admits that there is still no agreed-upon conceptual framework, which could help translate knowledge into effective operations to address the qualitative aspects of the public service in Africa. Frameworks used in the environment of developed countries cannot be transplanted, without adaptation for Sub-Saharan Africa. The Bank states that there is a distinct need for understanding the implications of different cultural and political systems. This does not mean that experience outside Africa is irrelevant, but that it needs to be adapted to the local/indigenous African environment, by ensuring that the design and management of reform strategies are undertaken by national political leaders, officials, experts and entrepreneurial leaders. Their contribution must fundamentally rethink the desirable end result, the future role of government and the subsequent reform interventions.

South Africa has a transitional economy, and unlike the Sub-Saharan and other developing economies, South Africa is not in a situation where an external funding or aid institution have to induce administrative reforms. South Africa took the first initiatives towards reforms through the *White Paper on the Transformation of the Public Service* and the Report of the Presidential Review Commission on the Reform and Transformation of the Public Service in South Africa. The initiatives for reform have emerged from within South Africa in 1995. However, the political party, which initiated the process, should take the responsibility to ensure that the reform process is scheduled and carried through.

It could be concluded that South Africa will consider the best practices of reforms in industrialised countries and implement modern reform interventions. South Africa is being regarded by transnational institutions such as the European Union as being too

competitive to be ranked with other African countries. The Government of South Africa has also proved that it is favouring modern constitutional and reform notions, which have been adopted by industrialised countries. It could therefore pursue the most effective reform practices of industrialised countries, but should ensure that such practices are adapted to suit the South African political, economic, physical and social conditions.

## 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.



## CHAPTER 5

### PROCESS DIMENSION AND ROLE OF HUMAN RESOURCES IN ADMINISTRATIVE REFORM

#### 1. INTRODUCTION

This chapter describes and explains firstly the process dimension and secondly the role of human nature and attitudinal changes of administrative reform. These two issues are the third and fourth of the four modalities which are incorporated into the definition of administrative reform.

The first half of the chapter will describe the process dimension of reform. It will indicate how the principal reform countries, namely the United Kingdom, New Zealand and Australia implemented their reform. Specific dimensions and characteristics of administrative reform are generic to all countries, but their nature and contents are unique to each country.

Reform activities are by nature time consuming processes. The time dimension of reform processes will indicate how governments continue with their reform. Particular characteristics of reform in the principal reform countries are the incremental process mode and the use of white papers and legislation to implement reform. These characteristics will be described. During the reform process, the governments of the principal reform countries designed their interventions in an incremental manner. This phenomenon, vis-à-vis a rational blueprint planning method will be described to indicate that reform in the principal reform countries unfolded over extended periods. The principal reform countries did not rely on a pre-determined framework as the basis for long-term reform programs.

The second half of the chapter describes the effect of human behaviour on public management and administration. Most comprehensive reform actions focus on the behaviour of officials in charge of governmental programs and resources. Behaviour and attitudes of personnel forms a component of public service culture.

Some countries, such as the principal reform countries addressed human behaviour indirectly by creating organisational structures, which are conducive to a cost effective production of quality services. Countries such as Malaysia motivate employees through directly promoting particular values and through incentives (Ahmad, 1997).

## 2. THE PROCESS DIMENSION OF REFORM PROGRAMS

This section will describe the process dimension, which refers to the *pace* at which reform interventions are implemented and the *measures* that are used to ensure that they are implemented. Retrospectively, the reform process consists of a chronological series of events, which, at the time when they are planned and introduced do not form part of a coherent whole.

After the initial decision to commence with reform, the process dimension reflects the course of action which reformers have selected. Their choices of how the process is steered and what interventions are selected determine if the reform goals are attained. It reflects the actions of reformers, and indicates the actions taken to continue with the reforms, or to complete it.

The reform process is time related. Its continuation depends on what action reformers take to maintain the initiative. The reform process will be known as such as long as the reformers relate the action they take, to the initial motivation for reform. Reformers may select to build on former initiatives or introduce new interventions.

This section focuses on the way reformers selected interventions to reform in the United Kingdom, New Zealand and Australia. It would be indicated that the way in which reformers went about to select interventions in the principal reform countries, show specific characteristics. Two salient characteristics will be described. The first is the carefully paced method, which would be referred to as incrementalism. The

second is the measures, which the countries selected to ensure the continuation and the implementation of interventions.

Uncertainty about the future could force reformers to follow a linear process of reform interventions. The principal reform countries proved that this is not necessary in most cases. The experience of the principal reform countries could be of value for South Africa in this regard as it demonstrates that flexibility in implementation could assist in reaching the reform goal.

## **2.1 The process and time dimension**

Writers such as Leemans (1976:43) identify the process dimension of reform and propose that reformers must be flexible during the process and not follow rigid reform strategies. He writes that reform programs fail “due to excessive reliance on formal measures and neglect of the process aspects, including preparation of the ground for the formal decision and its effective implementation” (Leemans (1976:43).

Cohen (1976:172-173) is of the opinion that the way the reformer effects changes during the reform process, is at least as important as the specific changes. “Since reform is a process, the relationship between reformer, or institutional driver and target system becomes a central issue, not only for the initial structuring of the relationship, but also for the way in which the reformer goes about studying the problem, gathering information, coming to conclusions and making recommendations”. Thus it could be argued that the reform managers must constantly monitor the results and outcomes of every reform intervention to ensure that goals are attained. Because of the lengthy process of reform, reformers could study the effects of a particular intervention and contemplate the next reform intervention, without being unduly pressurised by a predetermined reform strategy. It could be concluded that a critical success factor of reform is the *appropriateness* of recommendations and solutions to address reform issues.



A central hypothesis of public service reform as espoused in this thesis is that reform consists of processes, which take a considerable time to design and implement. Parliaments have to endorse reform programs and reform legislation has to be promulgated. Reform could last for at least one election period, after which the political party who initiated the process continues with it, or where a newly elected governing party could change the direction of the reform program. The component of continuity is therefore an integral part of the reform process. In the United Kingdom, the Conservative Party of Margaret Thatcher started with reform in 1979, which were implemented over several terms and continued with new initiatives such as the Citizens Charter when Mr. John Major took over as new leader in 1990. The Charter was fully implemented after the party was re-elected in April 1992. (Doern, 1992:3).

Scholars such as Stewart and Walsh, (1992: 508) and Dunsire (1995: 29) argue that the agenda for change was not premeditated, but developed in the United Kingdom. Privatisation was not mentioned in the 1979 Party manifesto and the “next steps” agencies were a sudden idea, rapidly adopted within the Party. At the start, neither politicians, commentators, nor officials had any idea of the agenda, or how the campaign would unfold. Dunsire (1995: 29) writes that: “...the campaign may derive its apparent coherence and agenda mainly from hindsight”. It could be argued therefore, that because continuity is part of a reform process, that reformers would have sufficient time to reflect on the outcomes and impact of particular reform interventions, to decide what further actions are needed.

In Australia, the Labour Government first gained office in March 1983 and was re-elected for four more terms. Bob Hawke was Prime Minister from 1983 – 1991 and was succeeded by the treasurer for that period, Paul Keating. The continuity in office of Prime Minister Hawke was a major factor in allowing reform to advance and to be sustained (Halligan 1996). According to Polidano (1995: 466) the reform was “messier in sequence and less radical” than those in Britain or New Zealand. Some reform measures have worked at cross-purposes, such as the program budgeting system, which was impeded by the grouping together of running costs, and the devolution of central control which were not supported by the delegation of functions to senior officials within departments (Polidano 1995: 466).

Political continuity is essential when fundamental changes are necessary, such as was the case when New Zealand faced a serious economic crisis and the Labour Party won the election under the leadership of Sir David Lange in 1984. A reform process was started, which focused on the transfer of most commercial activities of government to newly created state-owned enterprises. The reform slowed somehow in anticipation of the election in 1987. When the Lange Government was re-elected, the reform entered a second phase, where the focus was on public management. Legislation provided for contract appointments, performance monitoring, central recruiting, while pay and grading made way for salaries which were based on value for the organisation and performance. New accounting systems were introduced and the full cost of resources had to be budgeted for (Polidano, 1995:464).

In the 1990 election, the Labour Party could not obtain a majority, A coalition government was formed under Prime Minister Bolger. The reform thrust was continued, although new initiatives, which were not originally part of the reform plan, were introduced in several areas (Walker 1996:335) (Matheson, 1998: 350). Thus it could be argued that the opposition party acknowledged the value of the reform program as pursued by the governing party and obviously witnessed positive outcomes. They therefore, regarded it as essential to continue with the reform thrust, and it could therefore be deduced that if the opposition party agrees with a reform program, they most likely will continue with it.

Mr Simon Murdoch, (1997) the Chief Executive Officer of the Prime Minister and Cabinet in New Zealand stated in 1997 that none of their reform interventions were neat or ordered or sequenced. He said in retrospect it was possible to pigeon hole them, but at the time it was not neat or tidy. He argued that the politics of reform was fierce and, at times, divisive in New Zealand. However, over a period of 10 years, thorough reform and a transformation of the role of the state in the life of the nation were undertaken. The reform results indicate that the original motivation to reform no longer existed and that the pressure from the electorate on the politicians to change the *status quo*, had been terminated.



## 2.2 Incrementalism as part of a developing reform process

Contrary to writers such as Leemans, (1976:43) who emphasise that reformers must avoid excessive reliance on formal measures and embrace the process aspects, the United Nations (1983:1) identified one of the failures of reform as the lack of a strategy. According to them, the “adopted strategies and measures have tended to be inadequately planned at the stage of conceptualisation, formulation and implementation”. (United Nations, 1983:1) They reasoned that the reform process has to be *directed* by government and has to be integrated with socio-economic planning. Government has to exercise its authority to introduce an appropriate reform process. The United Nations (1983:1) brought the authoritative dimension of administrative reform into their definition defining it as “...the deliberate use of authority and influence to apply new measures to an administrative system so as to change its goals, structures, and procedures with a view to improving it for developmental purposes”.

Although political direction precedes managerial reform, there is no evidence that heads of government in the principal reform countries had worked out a rigid reform strategy before they initiated reform programs. Halligan (1994:135) confirms this by stating that reform in the principal reform countries comprised several stages during reform, which included major changes. After the changes have been implemented, they are evaluated and further reform interventions could then follow. What is required during a reform program, is political support, effective engagement of the bureaucracy and a focus on the reform program (Halligan, 1994: 135).

From the 1980's when the British Conservative Party started with its reform in the United Kingdom, the other principal reform countries, viz. New Zealand and Australia, also followed the trend to add incrementally on previous reform interventions which had successful outcomes (Jenkins 1993) (Halligan 1994) (Schick 1996). It could therefore be argued that administrative reform does not require a comprehensive strategy, which would last until the last predetermined intervention has been implemented. However, it could be stated a strategy which has initial successes, would be a precondition for a reform process to continue.



The British reform process was incremental in nature. Sir Derek Rayner's approach, who headed the Efficiency Unit and was responsible for the efficiency scrutinies, stated that his task was not to attempt to put every administrative process right at once, but to select targets and deal with matters thoroughly before moving on to new problems (Rayner, 1984). Sir Robin Ibbs, who followed him up in 1983, carried on with this approach. The Efficiency Unit's contribution during the reign of the Conservative Party consisted of three major interventions. The first was the introduction of government agencies (United Kingdom 1988), secondly the Citizens Charter in July 1991 (United Kingdom, 1991 (a)) and thirdly the drive to buy the best government services through 'market testing' programs in November 1991 (United Kingdom 1991 (b)).

From the British experience it seems that some reflection is needed on the proposals that were implemented and from thereon to determine the next intervention, which could add more value to the previous one, is implemented. This was the case in the United Kingdom, when the Citizens Charter, which aimed at making public services responding better to the wishes of their users, was followed by the White Paper on *Competing for Quality: Buying Better Services* (United Kingdom 1991). The White Paper made it clear that it followed on the Citizens Charter and that a further improvement of the services to the public required the expansion of competition, whereby some public services could be contracted out.

Prior to 1979, when the United Kingdom started with its reform program, reform programs were known for their failures. (Olsen and March 1989) (Caiden, 1991). In February 1993, when the leader of the Australian Labour Party, Mr. Bob Hawke, and the "shadow" Attorney-General, Mr. Gareth Evans, made a policy presentation to the Party on possible reforms, there was little evidence of the nature and content of the reform which eventually crystallised. The policy document stated the goals of the Party 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.

The preoccupation of the Hawke government with the strengthening of the management capacity, should they be elected, was neither reflected in their political manifesto's before they were elected, nor in the initial policy documents after the elections. (Australian Labour Party, 1983) (Government of Australia, 1983). One of the traits of the Australian reform was its focus on the public service to operate on business principles. Halligan (1991,350-351) writes that the managerial approach in the Australian government was finalised as consensus grew over the deficiencies in the public service. The Hawke government chose to accelerate the introduction of private sector business principles, or "managerialism"<sup>1</sup> because it complemented its political agenda. Managerialism offered both a new approach for directing the public service, a rationalisation and a mechanism for exerting greater ministerial control (Halligan,1991:50).

Halligan (1994: 135) is of the opinion that successful reform is usually not the result of a discrete activity or a single comprehensive plan, such as the Gore Report, (1993) in the USA, but is composed of a series of actions, which add up to a coherent program. From Halligan's observation and from the Australian and United Kingdom experiences, it could be concluded that the process of reform resulted in major changes, which were not contemplated or considered by the reformers as a single goal.

Most scholars reject the notion of a universal or one best strategy for the management of induced change. As main reason is cited the differences in countries in political and administrative cultures and patterns of behaviour, historic traditions and availability of resources. (Leemans, 1976: 46) (Dror, 1976: 127) (Thornhill, 1994:5). A reform program can therefore be expanded to make provision for contingencies, as the reform process develops.

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<sup>1</sup> The concept of "managerialism" will be more fully described in chapter 6.

From the experience in especially the United Kingdom and Australia, it can be deduced that the reform programs covered stages of review, refinement and adding value by starting with new interventions based on what has transpired up to the stage of review. Conscious learning during review thus constitutes an essential element of reform during the process dimension.

### **2.3 Measures to ensure that reform is implemented**

The principal reform countries used different methods to introduce reform measures during the reform process. The United Kingdom made little use of legislation to implement reform, while New Zealand and Australia had an extensive legislative program.

The results achieved for instance in the United Kingdom through the 1994 White Paper: *The Public Service: Continuity and Change* (United Kingdom, 1994) was achieved six years earlier in New Zealand through the State Sector Act, 1988. The White Paper in the United Kingdom, proposed *inter alia* that departments:

- are to develop broader efficiency plans and embrace privatisation;
- are to be responsible for their own management structures, and
- that responsibility for pay and grading below senior levels are to be delegated to all departments and agencies from 1 April 1996, and central pay bargaining terminated.

The New Zealand State Sector Act, 1988, *inter alia*, provided for positive actions and incentives by the private sector. Managers were permitted to make input decisions, such as appointments, pay, organisation structures and production systems. The Act made appointed public officials personally accountable for goods and services of their departments. This clearly indicates that the responsibility for the implementation of reform has to be accomplished by assigning responsibility to permanently employed officials.



Unlike the United Kingdom, most of the major reform interventions were done through legislation, over a period of about ten years (Schick: 1996). In Canada, fewer acts were passed than in the United Kingdom and New Zealand as a result of the reform process. Thomas (1993: 57) is of the opinion that the PS2000 reform program of the Canadian Federal Government involved about 10% legislative change, 20% systems change and 70% change to the culture of the bureaucracy. Most legislation was aimed at the human resources of the federal government. The Public Service Employment Act, 1993, dealt, *inter alia*, with the laying off of staff and redeployment. Employing fewer public servants reduced costs. This became evident after the restructuring of government, which was announced in June 1993 by Prime Minister Kim Campbell, and further restraints in the April 1993 budget, achieved a saving of \$3.0 billion (Canada, 1993(a):4) (Canada 1993(b)).

In the United Kingdom, the reform process was marked by continuous measures to reduce costs. Various interventions were introduced to cut costs. When the Conservative Party came to power in 1979, the staff of the central government in the United Kingdom was 766 600 (United Kingdom, 1995:43). After the reform interventions which produced the establishment of the Next Steps Agencies (United Kingdom 1988), the Citizens Charter (United Kingdom 1991) and market testing (United Kingdom, 1991), the central public service numbers were reduced to 558 700 in 1995. The reduction of 42,8% in staff numbers is a clear indication that the reform strategy was effective in reducing the number of officials. Positive actions by politicians are needed if the personnel establishment of the public service has to be reduced. However, the quality of the services rendered also has to be determined to establish the effectiveness of the reform.

The most significant legislation in the United Kingdom during its reform period from the early 1980's to the early 1990's was the Government Trading Act, 1990, which amended the Government Trading Funds Act, 1973. The 1990 amendments made provision for the establishment of trading funds for departments. This legislative change made it possible for government agencies to have a revenue fund which would consist principally of receipts for goods and services produced by a department (Section (1) ). A person other than a minister may have the control over

such fund (Section (6). In 1995 (United Kingdom 1995: 29) twelve executive agencies in the United Kingdom had trading funds, e.g. the Royal Mint, the Vehicle Inspectorate, the Patent Office and the Fire Service College. The Act gave appointed public officials the right to have a revenue account for goods and services which was produced by the department. This clearly indicates that the effective management of public institutions requires the assignment of responsibility to permanently employed officials. Some reform measures therefore require legislation to change current practices.

In Australia, nine months after the Labour Party was elected as government, in December 1983, it published proposals how to reform the public service (Government of Australia, 1983). After this, three acts, which were passed in four consecutive years, guided the general direction of the reform. They were the Public Service Reform Act, 1984; the Federal Public Service Legislation (Streamlining) Act, 1986, and Administrative Arrangements Act, 1987 (Labour Research Centre, 1990: 4). Although the reform focus was on the federal level, some states also initiated reform measures. The passing of legislation in Australia indicates that the government found that the current practices could effectively be changed through legislation. The reform practice to make use of legislation is different from reform interventions in Malaysia.

In Malaysia, the government instructions to improve government services were obtained through a series of 20 circulars since the government started with its reform during February 1991, the Prime Minister unveiled his VISION 2020 program. These Circulars convey directives and guidelines on administrative improvement to all Government agencies. By 1997, 21 circulars were issued (Ahmad,1997). Some of the circulars typically reflect the influence of trends in the principal reform countries, some are innovative and one, concerned with morning prayers, reflects Eastern culture. The following are examples of the circulars:

- Development Administration Circular No. 3 of 1991 - "Public Services Innovation Award".

- Development Administration Circular No. 7 of 1991 - "Guidelines on Quality Control Circles (QCC).
- Development Administration Circular No. 10 of 1991 - "Guidelines For The Improvement Of The Quality Of Counter Services ".
- Development Administration Circular No. 1 of 1992 - "Guide On Total Quality Management In The Public Service ".
- Development Administration Circular No. 2 of 1992 - "Guidelines For Development Project Planning And Preparation ".
- Development Administration Circular No. 1 of 1993 - "Guidelines On Morning Prayers".
- Development Administration Circular No. 2 of 1993 - "Guidelines For The Award Of The Public Service Excellence Service Awards ".
- Development Administration Circular No. 3 of 1993 - "Guidelines on Client's Charter".
- Development Administration Circular No. 2 of 1996 - "Guidelines For Implementing MS ISO 9000 In The Public Service".

The main conclusions, which can be drawn from the reform circulars, are that the reform in Malaysia was mainly focused on the behaviour of officials. Whereas the major reform intervention in the United Kingdom created government agencies in which chief executive officers have more managerial freedom. The Malay government kept organisation structures intact, while prescribing the desired behaviour of officials.

From the above description of the methodologies applied in the principal reform countries it could be deduced that there is no one best methodology. The choice to



make use of white papers or legislation depends to a large extent on the culture and style of management, which is prevalent in a country, or the personal choice of the head of government. It may also be noted that although the methods used by countries to implement reform may differ, a precondition for effective reform is that government has to intervene with reform proposals, review what was achieved and continue with the reform process until the desirable state of affairs has been achieved.

### 3. ATTITUDINAL CHANGE

In this section the influence of human behaviour on public management and administration will be described, with an emphasis on governmental activities to change the quality of government programs and service to the public.

#### **3.1 Human behaviour as a factor in administrative reform**

To reform a public service requires more than organisational arrangements and appropriation. Schick, who has studied the New Zealand reform process, observes that it takes more to hold managers accountable than to negotiate contracts and to report on performance. He states that the all-important factor in public sector reform is the *behaviour* of those in charge of government programs and resources (own emphasis) (Schick, 1996: 2).

According to Thornhill, (1994:4) attitudinal change, which lies at the root of reform, is the most difficult to achieve. He relates the problem in part to the intangible attitudes and the personalities of individuals as well as the collective attitudes of individuals comprising the public service.

From the observations of Schick and Thornhill it could be concluded that reform programs have to take account of the behaviour and attitude of staff, which could influence the planning, budgeting and executing of government programs. To positively influence the behaviour and attitude of public servants, can not be an end

in itself. It is only when management and administrative practices no longer support the objectives of government, that the behaviour of officials need to be questioned.

The way in which public officials operate, creates an organisation culture, which has a positive or negative effect on the efficiency and effectiveness of the work processes of the public sector. It subsequently affects the quality and effect of the government programs and projects and how efficient public employees are, as perceived by the public. The strategies which governments follow to influence the behaviour and attitudes of public officials differ from country to country. In this section two methods which are used in countries which are reforming their public services will be elaborated upon. Firstly the practice to create an environment wherein officials begin to act differently, and secondly, where their behaviour is prescribed through directives and positive behaviour is rewarded.

### **3.2 Methods to positively influence the behaviour and attitudes of staff**

No evidence exists that there is one best practice to deal with behaviour and attitudes of staff to make them caring and productive officials. In this section the creation of decentralised government units to promote a more “businesslike” management approach, will be explained, with particular reference to the British experience. Other practices to influence behaviour and attitudes, will be investigated, with reference to, *inter alia*, Malaysia.

#### **3.2.1 Organisational change and culture**

Davies (1998: 124-125) writes that in 1979, when the Labour Party was still in government in the United Kingdom, ministers relied heavily on the experience and advice of senior public servants. Their advice was often shaped by the internal culture of the department. A permanent secretary stated: “In effect, it was just a question of getting my ministers to take on board policies, that we had in hand anyway. Of the six ministers I worked with closely, it would be hard to say that any of them made even a minor contribution to policy” (Heady, 1994 quoted in Davies, 1998: 125).

One of the aims of Ms Margaret Thatcher, the leader of the Conservative Party, who won the elections in 1979, was to change the culture of the public service (Wilson 1991:338). (Davies, 1998:125) In 1980, some critics were still writing about “Britain’s ruling class”, but there was a genuine clash of cultures between the political leadership of the Conservative Party and the senior executives of Whitehall. Whilst Ms. Thatcher perceived the role of senior public servants to execute policy and manage their departments, they understood their job as to advise on policy and to support the minister politically (Dunsire, 1995: 26-27).

The term organisation in the public service tradition refers to the shared beliefs and assumptions which unconsciously underlie expected behaviour (Schein,1985 quoted in Dunsire, 1995:26). John Major, then a cabinet minister, stated in 1989 that the most important effect of a deregulated economy is to “re-shape the attitudes and expectations of the workforce” (Major, 1989:7, quoted in Stewart and Walsh, 1992:308).

The British government introduced fundamental changes in rules in order to have an effect on organisation culture (Stewart and Walsh 1992) (Dunsire, 1995: 30). Besides the introduction of government agencies wherein chief executives had to manage by contract, the impact of competitive tendering was introduced to stimulate the model of a private, commercial market. When John Major became Prime Minister he introduced the concept of “Citizen Charters” which contained notions such as “clients” and “quality services” – reaching not only executives, but also the middle managers and front office personnel (United Kingdom, 1991) (Dunsire, 1995:30).

According to Morley (1993:77) the structure and culture of the British public service had traditionally been a “bureaucratic management” model. By that he means a concentration of power and authority at the centre, uniform procedures and an emphasis on correctness of processes. Public sector systems were designed to minimise risks of managers, while private sector managers are concerned with progress and improvement. He writes that the agency model concept, which has been



accepted in the United Kingdom in 1988, introduced private sector practice and culture.

One of the events which had a major effect on the public service culture in the UK was the mandate of Ms Margaret Thatcher to the Efficiency Unit in 1987 (United Kingdom 1988) to conduct a scrutiny, with its terms of reference to, *inter alia*:

- identify what measures have been successful in changing *attitudes and practices*, and
- to identify the *institutional, administrative, political and attitudinal* obstacles to effective management (own emphasis).

In their report, *Improving Management in Government: The Next Steps* (United Kingdom 1988) the Unit claimed that:

- the public service was too large to manage as a single organisation;
- ministerial overload diverted attention from management matters;
- the freedom of middle managers was frustrated by hierarchical controls, and
- there was little emphasis on the achievement of results.

The Efficiency Unit recommended that the problems demand a radical change. Their principal proposal was the establishment of departmental executive agencies. Each was to be headed by a chief executive, with sufficient freedom to manage their “businesses”, within the policy frameworks of the departments.

After the first number of agencies were established, the progress report (United Kingdom, 1991:2-10) commented that the *Next Steps* agencies have generated renewed enthusiasm and increased commitment to improving value for money and quality of service. The Report found that many agencies have embarked on a range of imaginative initiatives including new patterns of management and staff development. Some of the new practices enhanced organisation culture, such as delegation of authority, new schemes for appraising and rewarding performance, and improved communications.

According to Finer (1991:29), 99% of the personnel in a newly established agency are the same people in the same jobs who used to work for a government department. Their attitudes and culture are changed through personnel development programs. Such programs must be owned by line managers, must be tied to the objectives of the business and include development issues such as communication, performance pay and related matters.

The Commonwealth Secretariat (1992:14-15) is of the opinion that attitudes underpins all concrete issues concerning possible structural reforms: “The increasing concern with the quality of service provided to “customers” has acted as a particular catalyst towards developing an organisational culture in which a concern for the finished product is a major preoccupation. Attitudes concerning commitment to the job, belief in equality and flexibility have been associated with many recent developments”.

Wilson (1991: 338) writes that in future a normal “high flyer” in the UK public service would include a significant time in an agency. In the agency the official will be exposed to commercial activities, while being divorced from the policy-making processes in Whitehall. To the extent that higher public servants are socialised by their first major responsibility into a style that will last for the remainder of their career, managing an agency could reshape the management style of the higher public service. The Next Steps agencies “will almost certainly promote a new type of public servant, one more used to think in terms of managing, and less involved in policy-advising” (Wilson, 1991: 338).

When New Zealand started its reform program, some radical changes were demanded in the government sector, which was operating a wide range of government services. In 1981 public enterprises contributed 12 % of gross domestic product and 20% of gross investment. By 1984, government spending constituted 40% of gross domestic product, and 31% of employment was in this sector (Duncan and Bollard, 1992: 7). Besides reasons to believe that changing ownership from state

to private sector leads to a difference in performance, it was realised that institutional factors themselves contributed to inefficient performance.

In 1985 the Minister of Finance published five general principles for the reorganisation of state trading activities. Of importance were some principles, which indicated that:

- managers would be required to run them as successful business enterprises, and
- managers would be responsible for using inputs for pricing and for marketing their products within performance objectives set by ministers.

The main vehicle for reforming the state corporation sector was the State Owned Enterprises Act, 1986, with an objective to promote improved performance in respect of government trading activities. Managers were awarded authority to manage within performance contracts and they are at liberty to make use of a system of managerial rewards and sanctions to reinforce the incentives for performance. According to Armstrong (1991:6) the New Zealand government established state-owned enterprises to gain greater freedom from bureaucratic controls, increase service to the public, enhance accountability and promote decentralisation and delegation.

The first Canadian special operating agencies were established in 1989 in the wake of the *Next Steps* agencies in the United Kingdom. Thomas (1993: 57) is of the opinion that special operating agencies were established to provide a platform for organisational change to develop a stronger customer focus, reduce procedural controls and to reinforce accountability. He is also convinced that the underlying rationale for the establishment of special operating agencies is the fact that: "Culture has replaced structure as the most popular variable in the organisational change process", and argues that cultural change is required to achieve renewal of public services (Thomas, 1993: 57)

Clark (1991:13) maintains that the Canadian special operating agencies (SOA's) were established because it is central to the government's management improvement strategy. He states that SOA's are intended to be "service delivery units with



management flexibility *in return for* agreed upon levels of performance” (own emphasis). He states further that SOA’s operate under business plans and management frameworks which cover performance and that central rules do not inhibit good management or the ability to perform actions that result in efficient and effective service rendering.

From the arguments which Armstrong (1991) and Clark (1991) put forward as the motivation for the establishment of government agencies, it could be deduced that in some cases, officials are the victims of the rigid rule driven systems in which they work. They are trapped in outmoded, centralised systems that add to the excessive costs of government services and inefficiency. Programs which hinder innovation, cumbersome accounting systems, personnel systems that measure the wrong outputs, lack of incentives and incentives to spend money rather than save money could lower the morale of officials and make them appear to be inefficient. Clark (1991:15) realised the inhibiting characteristics of bureaucratic systems when he mentioned that *the relief* from financial, personnel and administrative rules comes with the responsibility to operate in terms of a business plan and an agreed upon operational framework.

The reason why officials sometimes behave more positively in a different organisational setting, such as a government agency, can be found in the understanding that human behaviour and expression of attitudes are both subject to other influences (Meyers, 1988:38). Meyers, a psychologist, argues that if people’s expressions of attitude are affected by outside influences, their other behaviours are probably more so. Social influences, such as a destructive organisation culture, can induce people to violate their deepest convictions. He maintains that an employee’s career will determine what one does on the job, but also the attitudes and values which one is likely to develop: “New ... managers usually internalise their roles with significant effects on their attitudes and personalities”. Acting out new role requirements evokes stronger actions than intellectual indoctrination. The status of new occupations affect new attitudes towards self and individuals who act out higher status roles develop higher self esteem. Meyers, 1988: 47-48).

The explanation of Meyers provides the clue to why some managers in the public service, when confronted with a poor working environment, seem to resign themselves to the fact that “the system” is beyond them and that some higher authority would one day intervene to remedy the untenable situation. Reform interventions should therefore be aimed at, instead of trying to influence their attitude and behaviour through training and development programs, rather change the organisational setting, such as a government agency, to elicit a new response, based on new role expectations and a private sector organisation culture.

### 3.2.2 Promoting positive behaviour and attitudes through codes and incentives

Towards the second half of 1989, Malaysia launched a nation-wide program called the *Excellent Work Culture Movement*. This program became the mainstay of the Vision 2020 program, which the Prime Minister launched during February 1991. Vision 2020 embodies the national aspiration to attain a fully industrialised and developed nation-status within three decades. (Commonwealth, 1995: 1)

The *Excellent Work Culture Movement* emphasises meeting customers’ needs. The primary objective of the movement is to instil the concept of quality among the providers of public services and goods. Ahmad (1997) writes that quality requires a spectrum of changes in the organisation structure, system and procedures and most important of all, values and attitudes. According to Ahmad (1977) attitudes and values, which support service delivery is conducive to culture transforming process. It supports institutions to transform from a conventionally managed organisation to a quality institution that does not require rigorous management. Quality as a culture must be self-sustaining and self-motivating.

The government of Malaysia was convinced that service delivery could only be attained through a value system that is conducive to effective and efficient services. A set of positive work values and ethics as outlined were made available to all public servants. The values are (Ahmad, 1977):

- the value of time;

- the success of perseverance;
- the pleasure of working;
- the dignity of simplicity;
- the worth of character;
- the power of kindness;
- the influence of examples;
- the obligation of duty;
- the wisdom of economy;
- the virtue of patience;
- the improvement of talent, and
- the joy of originating.

Ahmad (1997) argues that with the above work values, Malaysia has contributed towards more positive thinking, innovation, and improved discipline among government employees. It has to be observed however, that most governments have codes of conduct, which prescribe the ethical behaviour of employees, yet no evidence exists that the prescribed behaviour guards against corruption or improves productivity. Evidence exists in the United Kingdom, that reform, which introduced government agencies, citizens charters and market testing, have indeed improved service delivery (United Kingdom, 1994).

### **3.2.3 The Singapore approach to influence attitudes**

Singapore is a small country of 646 square km. It is completely urbanised, has a population of 3 million people, with no natural resources. Developing the people has therefore always been high on the agenda of the government, with primary emphasis on education and health. The OECD has classified Singapore as an “advanced developing nation”. (Guan, 1997)

The government of Singapore followed a direct approach to influence the attitudes of officials and to create an environment for change. A program, *Public Service for the*



*21st Century* (PS21) was introduced in May 1995 to prepare the public service for the challenges ahead (Guan,1997) The objectives of the PS21 program are twofold:

- to nurture an attitude of service excellence in meeting the needs of Singaporeans with high standards of quality and courtesy; and
- to foster an environment that induces and welcomes continuous change with continuous improvement, by employing modern management tools and techniques while paying attention to the morale and well-being of public officers.

To attain the objectives, PS21 makes use of two primary methods, namely Work Improvement Teams ( WITs) and Staff Suggestions Schemes (SSS). WITs are generally referred to in management literature as Quality Control Circles and SSS is a staff suggestion scheme. The WITs teams meet regularly to discuss work- related situations, which could be improved. They are expected to use specific management tools to help define the problems, brainstorm solutions and measure results. Within one year the following results were achieved (Guan, 1997):

- Out of 16 ministries, 4 had 100% participation in WITs (meaning every officer is a member of a WIT), 6 others had participation rates beyond 85%, while the rest were above 60% except for one at 42%.
- An average of one project is completed during the year. The Ministry of Defence completes 2,95 projects per annum. This is regarded as a considerable achievement considering that most participants are national servicemen i.e. young men conscripted to serve in the military service for 2 or 2½ years.
- The total number of WIT projects completed in the 9 months was 13 759.
- As for the SSS, participation rates - meaning the percentage of officers who have put in at least one suggestion during the 9 month period - varied from a low of 23% to a high of 100%. 5 ministries scored more than 85%, another 5 more than

60% and 4 below 30%. The majority of ministries have set a target participation rate of 100%.

- The suggestion ratio, which is the number of suggestions per officer in the ministry within the 9 month period, varied from a high of 6,5 in the Ministry of Defence to a low of 0,4. Scores of other ministries ranged from 1 – 5. This seems to indicate that ministries encourage each official to contribute to suggestions to improve performance.
- The total number of suggestions received in the 9 months was 386 841.

### **3.3 Implications for South Africa: Experience in changing human behaviour from other countries**

The experience of the United Kingdom, New Zealand and Canada to effect organisation culture change through organisational restructuring is valuable. The transferring of government services to government agencies and decentralising operational decision-making to chief executives and managers created an environment similar to the private sector. Government agencies are subjected to operational targets and have to meet quality standards, which are only possible, if public managers have freedom of choice and personal discretion. Their relationship with personnel is not prescribed by legislation and government regulations that assigns them the authority to make use of incentives and organise the agencies to perform effectively and efficiently. The agency model for delivering public services was deliberately designed to enhance the quality of government services and decrease expenditure. The agency model provides public managers with an opportunity to deploy the resources at their disposal free from the inhibiting rules applicable in traditional government departments.

The South African reformers have to acknowledge that the traditional public service model produced a public service culture, which is not conducive to innovation,

parsimony and development. The new public management style<sup>2</sup> interventions is only possible in an environment where managers have the freedom to act and are not limited through ministerial interference and government rules.

It can be concluded that the performance of government departments in South Africa could be related to the prevailing organisation culture. One way of changing the culture is to change the organisation, as has been the case in especially the principal reform countries. People's expressions of attitude are affected by environmental influences such as an organisation structure. Clear objectives and managerial freedoms, which are enshrined in an employment contract, create an environment, which departs fundamentally from the traditional public service. Managers internalise the duties expected of them and express it through their attitudes and personalities.

#### 4. CONCLUSION

The process dimension of administrative reform, human behaviour and attitudes are modalities of comprehensive reform. Studies of reform in especially the United Kingdom, New Zealand and Australia indicate that the process dimension has specific characteristics and that the behaviour and attitudes of staff could be changed through assigning them to organisation structures which demand new behaviour patterns.

Reform by nature consists of time consuming processes. After the initial decision to proceed with reform, the process dimension becomes a retrospective instrument whereby progress is measured and continuation demanded. Reformers have to exercise choices during the reform process to ensure that specific goals are attained.

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<sup>2</sup> The concept *new public management* will be described and explained in chapter 6.



Reformers may select to build on former initiatives or introduce new interventions. Characteristics of reform in the principal reform countries to implement reform are of an incremental process mode and the use of white papers and legislation. The principal reform countries do not rely on a pre-determined framework for long-term reform programs. They comprise several interventions during the reform process, which could include major changes. After the changes are implemented, they serve as the foundation for new initiatives.

Countries use various methods to introduce reform interventions. In countries such as the United Kingdom, and Canada, white papers were the prevalent way of introducing reform while a country such as New Zealand primarily made use of legislation to introduce reforms. Malaysia, made use of circulars to introduce a new work culture into government. The choice to make use of a variety or to choose only white papers, legislation or circulars depend to a large extent on the culture and style of management, which is prevalent in a country, or the personal choice of the head of government.

The second half of the chapter indicated that comprehensive reform in the principal reform countries include a modality to change behaviour and attitudes of staff. Some countries such as the United Kingdom, New Zealand and Canada created organisational structures, which are conducive to change the behaviour and attitudes of managers and staff. Managers were awarded the opportunity to manage within performance contracts, which granted them the discretion of reward or sanction the performance of employees. Freedom from bureaucratic controls enhanced service to the public, accountability and promoted decentralisation and delegation.

The creation of appropriate organisational structures is conducive to a positive public service culture. Countries such as the United Kingdom and Canada have created government service delivery agencies with management flexibility, which yielded levels of performance, which are superior to that of traditional government departments. They operate in terms of service contracts with government departments, which require business plans and management frameworks for

performance without being inhibited by rules, which prescribe management behaviour or initiatives.

Malaysia motivated employees by directly promoting specific values and through incentives. In Singapore, a program aimed at the attitude of public officials was introduced to induce an attitude of seeking continuous improvement in work processes. This had a positive effect on change because staff is encouraged to suggest and make changes. Because the officers are so actively involved in seeking such improvement, they became involved in processes of service improvement.

From the experiences of the principal reform countries and countries such as Malaysia and Singapore, it could be deduced that there is no set best practice to positively influence the behaviour and attitude of employees to be more productive and to foster an awareness for client satisfaction. However, the principal reform countries challenge past organisational assumptions and allowed more managerial latitude to enhance service to the public, while some Asian countries encouraged personnel to creatively participate and contribute to the work they do, and to award them.

Although the two practices, which are followed by the principal reform countries and Malaysia and Singapore, have provided the same results, South Africa could be at risk of failure if any of the two models are transplanted without adaptation. The models have evolved over time in the various countries, and were based on a country's specific culture. They were regarded as necessary interventions at the time to improve a situation, which was typical and unique to the circumstances at the time. What seems to be effective in countries, which have a history of reform, was an uncertain choice, at the time, it was introduced. There is merit in studying best practices in especially the principal reform countries, but culture, systems and resources in countries could be different. Therefore, best practices are not transferable without adapting them to the particular requirements for countries.

## CHAPTER 6

### NEW PUBLIC MANAGEMENT AS A REFORM FOCUS

#### 1. INTRODUCTION

In the past two decades, most industrialised countries around the world re-examined and reshaped their governments. The countries, which embarked upon voluntary administrative reform from the 1980's, had outcomes, which showed remarkable consistencies. Most outcomes resulted in transformed public services which were indicative of having a smaller stake in the economy, a downsized welfare state, decentralised, reduced bureaucracies and smaller central government administrations, with public managers becoming more output conscious and goal orientated.

The reform programs from the early 1980's have two vital elements of public service reform strategies. Firstly an unambiguous focus on results in terms of efficiency, effectiveness, and quality of service, and secondly, the replacement of highly centralised hierarchical structures with decentralised management environments.

Large public services and expanding annual budgets marked public administration up to the 1980's. Although governments were all pursuing cost efficiency, it could not be realised to the extent to which the principal reform countries managed to enhance their service delivery through reform measures after the early 1980's.

This chapter focuses on the nature and contents of administrative reform in the past two decades. Since the United Kingdom started with reform measures in 1979, various countries initiated reform with similar characteristics, known as new public management (NPM).

The new public management and administration of public services, departed from the traditional public administration with its focus on policy-making and



implementation. New public management effected a paradigm shift, redefining the role of government in relation to the nature and scope of its services and its role in the economy. This chapter will analyse the theoretical concept known as NPM.

The chapter would first describe and explain the meaning of NPM. Thereafter the principal reform countries' view of NPM in a generalised context will be explained. In order to relate the generalisations of administrative reform as described by Commonwealth countries, specific NPM type reform interventions in the United Kingdom, New Zealand and Australia will be investigated to determine their nature and scope.

## 2. REFORM FRAMEWORK AND CLASSIFICATION

Central to the investigation of administrative reform, is the character of reform, or how it is activated and given coherence through plans, programs and frameworks. In order to change an undesirable state of affairs, politicians choose particular interventions to realise projected outcomes. A series of interventions could retrospectively viewed as a reform framework, which consist of a set of interventions stemming from perceptions of politicians, designed to influence existing policies, programs and processes.

When the aggregate of interventions over a specified time during a comprehensive reform process in a country is analysed, *ex post facto*, a logical framework can be identified. Such "new public management" frameworks could be identified in most of the industrial countries that embarked upon administrative reform since the 1980's. Halligan (1997: 1-3) refers to a framework as a "coherent set of ideas for influencing and establishing action". Although the literary meaning of the word "framework" means a structure upon, or into which something can be put, the word "frame" means constitution, established order, plan or a system (Concise Oxford Dictionary, 1969). It could therefore be argued that Halligan's description of a framework could be extrapolated to mean the *administrative system* within a country, which is created by reformers to influence and change an undesirable state of affairs.

Halligan (1997) observes that a framework “does not necessarily emerge fully developed”, but evolves over time. A framework is mostly equated with the “new public management”, a concept which will be described in more detail in this chapter.

During administrative reform, interventions are consciously introduced and directed to change the machinery of government (Leemans, 1976:8). Since the early 1980’s, some consciously introduced and directed change manifested itself as “new public management” interventions. It could therefore be argued that administrative reform interventions form the link between the motive for reform and the desired reform outcomes, and could be illustrated as follows:

**Table 1.**

**The relationship between administrative reform interventions, the motivation for reform and reform outcomes**



When commencing with reform, goal relevance is particularly important for developing countries, since the needs of the citizens are different from those of developed countries (Hahn-Been Lee, 1976: 117-118). Hahn-Been Lee, (1976:118) relates reform objectives to particular reform classifications. He states that there are three administrative reform classifications corresponding with three basic objectives of reform (see Table 2).

Firstly, *procedural reform*, (Hahn-Been Lee, 1976:115) which is aimed at improved order by emphasising the legal and procedural rationale. Hahn Been Lee (1976:115) writes that order is an intrinsic virtue of government and is most needed in a transitional society undergoing rapid change. In countries which are

experiencing transition from a system of limited democracy to full democracy, such as in South Africa, officials who are loyal to the previous political dispensation would seek to uphold patterns inherited from the previous dispensation. It can therefore be argued that the urge for improved order by politicians is a product of chaos, and in a transition, administration is synonymous with order. However, few reform ideologists who want to change an undesirable and unstable political situation would be interested in constitutional and legal procedural matters alone, but would also focus on a reform framework to ensure that the “new” constitution is implemented. Where politicians are content with the *status quo* and the tenets of administration reflect law and order, political parties will be engaged in general party political issues and the officials would concern themselves with procedural detail.

Secondly, *technical reform*, (Hahn-Been Lee, 1976:116) which satisfies the rationale of method and is often stimulated by external influence. Improved method concerns technique, which is not a value. In the absence of well-formulated government goals, mere improvement of administrative methods and techniques could lead to autocratic control.

Thirdly, *programmatic reform* (Hahn-Been Lee, 1976:117) which follows the rationale of development and is geared to the welfare of the clientele. Improved performance has its rationale in work programs rather than in procedures and technical methods. Its focus is on economy and efficiency, merit and the welfare of the population of a state. Programmatic reform is evidenced when the government of a country “begins to move towards serious economic and social development” (Hahn Been Lee, 1976: 117).

**Table 2. Hahn-Been Lee’s Reform objectives and reform classification**

<i>Reform objectives</i>	<i>Reform Classifications</i>
Improved order	Procedural reform
Improved method	Technical reform
Improved performance	Programmatic reform



## 2.1 External service delivery and internal organisational capacity for good governance

Scholars such as Cloete (1999 (b): 87 – 101) and Corkery (1997: 5) indicate that, paradoxically, developing countries which are in need of administrative reform, do not have the administrative capacity to deliver services or to successfully design and implement administrative reform. Cloete (1999 (b): 87) is however, of the opinion that it is possible for developing countries to improve the quality and quantity of public services, and at the same time comply with criteria for good governance, which include, *inter alia*, the following:

- representivity and equity in resource control and allocation;
- developmental growth focus;
- political and financial accountability;
- flexible, effective, efficient and affordable processes;
- co-ordination, integration and holism of services;
- creative competitive and entrepreneurial practices, and
- sustainability.

A reform framework as described by Cloete (1999 (b) 87 - 88), known as *network analysis*, could make it possible to improve service delivery and to improve the functioning of the machinery of government. Cloete (1999 (b) 87) writes that network analysis changes the structure and operations of the public service. He states that the network approach to service delivery integrates some principles of NPM with self-organising networks of voluntary agencies and private markets.

Cloete draws some of his conclusions for the effectiveness of the network model for reform from Börzel (1998: 262), who writes that networks are able to intentionally produce collective outcomes despite diverging interests of their members through voluntary bargaining. She maintains that networks can also provide additional informal linkages between inter-and intra-organisational decision-making arenas, thus linking different organisations independently from the formal relationships between them.

### 2.1.1 External service delivery

According to Cloete (1999(b): 88) the network approach to service delivery *firstly* accepts that government has a limited capacity and reduces and redesigns its programs to match its existing delivery capacity. It recognises that the government need not produce all functions and services, and concentrates on promoting, facilitating and regulating services, but may participate in the production thereof, depending on circumstances. In terms of the network approach, government avoids a general minimalist or maximalist policy for its stake in delivering public services.

*Secondly*, networking promotes a smaller more flexible public service, where specialised public enterprises deliver services, which may compete with private companies. *Thirdly*, it requires integrated and co-ordinated management practices, but a separation between the policy-making function and the operational implementation thereof. *Fourthly*, it promotes the measurement of policy outputs and performance contracts to obtain the best human resources. *Fifthly*, empowered customers control service quality vis-à-vis public officials and *sixthly*, accrual budgeting and multi-year financial planning cycles are part of the network approach.

According to Cloete (1999(b): 90) the network model “*proposes the establishment of collective partnerships with private sector enterprises and the voluntary sector in civil society*”. He does not however, provide solutions for developing countries, which do not have adequate capacity in the private sector and civil society. As was indicated in chapter 3 (4.1), South Africa is a developing country. The appropriateness of the network model, as a reform framework which relies to a large extent on the private sector and civil society, has therefore to be questioned.

### 2.1.2 Internal organisational capacity for good governance

Cloete (1999(b): 91) is of the opinion that it is possible for a public service, which does not have the capacity to either *deliver* services, or to *manage* the

delivery thereof, could be empowered to achieve sustainable service delivery. Based on research of the experiences of Malaysia, Thailand, the Philippines and Indonesia, he motivates the requirements for sustainable service delivery as (Cloete 1999 (b) 91) follows:

- strong competent, committed and honest political and administrative leadership and direction;
- existence of and consensus on a clear national vision and attainable action plans in strategic policy sectors;
- the availability of and the optimal creative, pragmatic, co-ordinated use of resources (people, money, supplies and information) in the public, private and voluntary sectors of society;
- effective strategic and operational management (design, implementation, monitoring, evaluation and policy review);
- a developmental social and organisational culture with a strong work ethic;
- amenable democratic and economic environments, and
- a substantial measure of good luck!

Cloete (1999 (b): 91 - 101) is of the opinion that the commitment and ability of government to implement the requirements stand in relation to its capacity to govern. He concludes however, that the South Africa public service does not have the capacity to be empowered to *deliver* services, and to *manage* the delivery thereof in a sustainable manner, because South Africa “*still has a long will to go before it has developed sufficient capacity for sustainable governance*”.

Since the ANC and other political organisations were unbanned in 1990, they were engaged in multi-party negotiations to produce a constitution of the Republic of South Africa and to lay the foundations for a new political, social and economic order. This occurred during a transition from limited democracy to an inclusive democracy, which led to and *interim* Constitution, (Constitution of the Republic of South Africa Act, 1993 (Act 200 of 1993)) and the *final* Constitution (Constitution of the Republic of South Africa Act, 1996, (Act 108 of 1996)).



The previous system of homeland administrations had to be undone and the previous administrations had to be rationalised into a unified public service. This process could be classified as procedural reform, of which the Constitution of the Republic of South Africa Act, 1996 (Act 108 of 1996), is the foundation of a new democratic political dispensation. Although it also forms the basis to unify the public services of the previous political dispensation into one public service, there is no proof that it resulted in an efficient and effective organisation structure for the enhanced delivery of public services<sup>1</sup>.

Most of the NPM interventions since the 1980's fall within a procedural and programmatic reform classification, however, no blue print framework exists for a country. It could therefore be argued that if a country relies on a particular framework as the basis of its long-term reform program, it requires blue print planning as a reference point. Blue print planning based on NPM interventions of other countries could indicate insensitivity for local conditions, because no two countries have the same social culture or stage of development.

If South Africa should commence with programmatic reform, it would have to design its own reform framework. Although it is essential to consider how countries have developed since the early 1980's South Africa has to take cognisance of its internal socio-economic situation to design a program which could make government policies and delivery systems efficient and effective and the country thus internationally competitive.

### 3. NEW PUBLIC MANAGEMENT

This section describes and explains "new public management" (NPM). It provides a brief description of the origins of the term and describes how different scholars understand NPM. It will reflect how ten Commonwealth countries define NPM, and argue that NPM has departed from the principles of traditional public

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This statement is substantiated in this chapter under 3.6.3, where an overview of the reports of the Auditor-General reflects the management and administration in some national and provincial government departments.

administration, which is still retained by some scholars as the paradigm for public management and administration.

### 3.1 Origins of new public management

In the early 1980's, an overarching term, "new public management" (NPM), was coined in the United Kingdom for the reform which was implemented by the Conservative Government under the leadership of Margaret Thatcher (Doern, 1992:14). Kickert (1997: 31) writes that administrative reform in Britain is almost a "prototypical example" of the main characteristics of NPM and that it is a British invention. Hood (1991:3-7) is of the opinion that NPM is *not* a uniquely British development and that its rise "seems to be *linked with four administrative megatrends*", namely (own emphasis):

- opposition parties stressing lower taxes and attempts to minimise the growth of the state sector, in particular in staffing and spending;
- a shift to privatise non-core government functions and softening of the divide between public and private sector work;
- growth in the use of technology and automation giving political party strategists greater clout in policy-making relative to the comments from public officials, and
- the development of a more international agenda which focuses on general issues of public management, policy design, decision styles and intergovernmental co-operation, in addition to the traditional country specialisation of public administration.

Hood's choice of words that NPM "*seems to be linked with four administrative megatrends*" implies that further research to substantiate it is required (own emphasis). It is postulated however, that the first *administrative megatrend*, which he identifies, is a political motivation for reform<sup>2</sup>. The second, third and fourth *megatrends* are manifestations or examples of NPM and reform

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<sup>2</sup> The economic rationale as a motivation for reform has been argued in chapter 4.

frameworks<sup>3</sup> designed by political reformers to correct imperfections in public administration and management and govern themselves out of an undesirable *status quo*.

Hood summarises seven overlapping precepts which he observes to appear in most discussions of the “*doctrine*” of NPM (own emphasis) (Hood:1991:5-5):

#### Hood’s description of the doctrinal components of new public management

No	Doctrine	Meaning	Typical Justification
1	Hands-on professional management in the public sector	Active, visible, discretionary control of organisations from named persons at the top, “free to manage”.	Accountability requires clear assignment of responsibility for action, not diffusion of power.
2	Explicit standards of measures of performance	Definition of goals, targets, indicators of success, preferably expressed in qualitative terms, especially for professional services.	Accountability requires clear statement of goals; efficiency requires “hard look” at objectives.
3	Greater emphasis on output controls	Resource allocation and rewards linked to performance; break-up of centralised bureaucracy-wide personnel management.	Need to stress results rather than procedures.
4	Shift to desegregation of units in the public sector	Break up of formerly “monolithic” units, unbundling of uniform management systems into corporatised units around products operating on decentralised on-line budgets and dealing with one another on arms-length basis.	Need to create “manageable” units, separate provision and production interests, gain efficiency advantages of use of contract or franchise arrangements inside as well as outside the public sector.
5	Shift to greater competition in the public sector	Move to term contracts and public tendering procedures.	Competitions as the key to lower cost and better standards.
6	Stress on private sector styles of management	Move away from military-style public service ethic, greater flexibility in hiring and rewards; public relations techniques.	Need to use “proven” private sector management tools in the public sector.
7	Stress on greater discipline and economy in resource use	Cutting direct costs, raising labour discipline, resisting union demands, limiting “compliance costs” to business.	Need to check resource demands of public sector and to “do more with less”.

Source: Hood, C. *Public Administration*. Vol. 69 Spring 1991

<sup>3</sup> The concept is described earlier in this chapter under 2. REFORM FRAMEWORK AND CLASSIFICATION



Hood's description of the typical justification of NPM is meaningful. Unfortunately, he does not describe the undesirable circumstances, which prevailed in particularly the principal reform countries, at the time when the reformers in those countries had to revert to drastic measures to govern their countries out of an undesirable situation. Had he done so, it would have been obvious that NPM is not *new*, but rather that it is emergency and extreme governance interventions that were instituted by reformers to salvage a situation, which required courageous leadership.

The drastic measures, which were instituted by Margaret Thatcher in the United Kingdom in the early 1980's,<sup>4</sup> were to a large extent followed by New Zealand, Australia and Canada. The measures, which she instituted, were carried forward by her successors (OECD, UK Country Report, 1999: 1). The reform focus as summarised and presented to Parliament by the Prime Minister of Britain in July 1994, falls within the scope of NPM as observed by Hood in 1991 (United Kingdom 1994:9- 19):

- control over operational costs;
- privatisation of government services and contracting out;
- discretion for managers to attain objectives;
- performance appraisal and efficiency;
- the desegregation of public bureaucracies into agencies which deal with one another on a user charge basis;
- employment of senior officials through employment contracts, with freedom to manage monetary incentives and output targets.

According to Minogue (1998:23) the NPM paradigm is well known for cutting costs, improving efficiency, promoting managerial autonomy, and fostering performance appraisal and measurement. He writes that "improving the civil service" is overwhelmingly translated into "making civil servants into enterprising modern managers".

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<sup>4</sup> The motivation for Ms Thatcher to embark on reform has been described in chapter 4..

Kickert's (1997:18) research of administrative reform in the OECD countries indicated that the new public management paradigm is characterised by the following eight main trends, which have a bearing on administration and management:

<i>Organisation:</i> Devolving authority, providing flexibility	<i>Policy-making:</i> Strengthening steering functions at the centre
<i>Control:</i> Ensuring performance, control and accountability	<i>Management:</i> Optimising information technology
<i>Control:</i> Improving the quality of regulation	<i>Management:</i> Developing competition and choice
<i>Personnel:</i> Improving the management of human resources	<i>Management:</i> Providing responsive service

Source: Kickert, 1997:18

Several authors have examined the phenomenon of managerial reform in Western public services, and various different typologies have been published (Kickert 1997:18). They all have at least the following three characteristics in common:

- business management techniques,
- service and client orientation,
- market-type mechanisms such as competition.

Metcalfe (1994: 273-274) who juxtaposed reform of international institutions with domestic reform, emphasises that the main thrust of domestic reform throughout the world is greater delegation of operational responsibilities and clearer divisions of governmental functions among different institutions and agencies. He also indicates (Metcalfe, 1994: 273-274) the increased efficiency and reduction of costs, which led to reform strategies such as decentralisation, privatisation, contracting- out and the creation of executive agencies.

According to Temmes (1998: 441) NPM is a doctrine which directs the development of a society. He writes that NPM does not describe reform projects, but is a combination of interconnected reform policies and approaches, which as a whole, forms an administrative/political doctrine. He relates NPM to the

political change of the developed countries in the 1980's and ascribes the scientific basis of the doctrine partly to economics, because in the 1980's, the inefficiency, or failure, of the welfare state to enhance national economic development, necessitated governments to intervene through managerial approaches. From what Temmes has observed, namely that NPM is a combination of interconnected *reform* policies and approaches, it has to be deduced that during the 1980's, in the principal reform countries, politicians applied NPM measures in a situation, where the reform rationale required interventions beyond the traditional public administration approach. The traditional public administration approach could therefore not bring about the outcomes as described by Temmes (Temmes, 1998: 442):

### Underlying rationale for NPM to achieve particular outcomes

Main elements of NPM	Reform rationale	Outcome
<ol style="list-style-type: none"> <li>1. Creation of competitive market-type service delivery mechanisms</li> <li>2. Corporatisation of public organisations</li> <li>3. Privatisation of public services</li> </ol>	To transfer the performance of services which could be performed by either of the two sectors, to the private sector. Reduction of the size of the public sector.	Government is responsible for policy-making and performs core public service functions
<ol style="list-style-type: none"> <li>1. Emphasise management of public institutions</li> <li>2. Personnel management decentralised to sphere of managerial influence</li> <li>3. Decentralisation of service rendering institutions, commercialisation of services and emphasising quality services</li> </ol>	Managerial know-how would enhance the production and service delivery processes of government. Managers must be given more freedom to manage in order to ensure positive outcomes	Political control over public service rendering has been reduced. Private sector organisation culture for public services. A "client" and service supplier relationship for public services exist.

From the classification of Temmes, it is obvious that NPM is a means to attain particular outcomes. Where a rationale exists to bring about particular outcomes,



such as to reduce political control over public service rendering institutions, to introduce a new organisation culture to render public services in accordance with a predetermined standard and establish a “client” and service supplier relationship, NPM as a technique is appropriate. Conversely, where routine functions need to be maintained traditional public administration and management following prescribed workmethods and complying with particular rules will suffice.

### **3.2 Commonwealth interpretation of new public management**

During February 1992, ten Commonwealth countries met in Sydney, Australia to reflect on the reform in their countries. They made a significant contribution to describe and explain the concept “new public management” by agreeing on its main characteristics, through interpreting the essence of the reform in their countries since the early 1980’s (Commonwealth Secretariat, 1992: 11-13):

- NPM focuses on outcomes rather than processes. It recognises that a focus on outputs would enhance efficiency of the administration of public institutions. The emphasis is on measuring whenever possible, and on assessing outcomes and comparing them with the original policy goals. In this way the focus is on results rather than on procedural consistency. The approach requires explicit, and where possible, quantifiable objectives and performance indicators.
- NPM often involves contracting with managers for their services. Their payment is related to their production results.
- NPM distinguishes between the “customer” who decides on what is needed, the performance norms to be achieved and the “contractor” who has a contractual relationship and obligation contract to provide the service. It implies a spectrum of models for achieving this conceptual obligation, with objectives given to operational units within a public sector department or organisation, as one end of a continuum. An intermediate solution lies in the creation of agencies within the public sector. At the other end of the continuum, moves towards a much smaller public sector

which purchases all services and remains responsible only for policy-making, could be identified.

- NPM promotes public sector services being privatised or to be done by non-governmental entities. It is, however, not a pure *laissez-faire* doctrine left to market forces to determine the supply of entities to render services. In almost all cases where major sectors of the public sector with a service monopoly are privatised, or opened up to meaningful competition, outcomes are not simply left to market principles. To attain policy outcomes, it could be required by government to subsidise services where non-governmental agencies render public services.
- NPM recognises individuals and their particular need. An example is the United Kingdom's Citizens Charter involving targets for e.g. hospital waiting times and train delays.
- Whether an explicit government objective or otherwise, the NPM introduces an obligation to reduce the size of the public sector. It also fragments the public service into units under strong line management with variable terms and conditions of employment. Unionised public servants and public utility workers with secure employment, national pay rates, and indexed pensions, are replaced in part by the employees of private firms. Accountable public sector units with their own budget and tight lines of accountability to chief executives operating with a brief defined primarily by outcomes are increasingly similar to private sector organisations.
- NPM reduces the size of the public sector, retaining public administration, but requiring different skills from public servants. The skills required in the core public service change, with policy advice remaining crucial, but new skills are required to define assessable outcomes, manage contracts, assess the outcomes and take any necessary corrective action.

The Commonwealth Roundtable (1992,19-20) concluded that new public management replaces the traditional ethos of public service with the pursuit of

highly explicit objectives, always including financial objectives. Managerial accountability for financial management and outcomes become criteria to measure success. Australia, New Zealand and the United Kingdom have gone furthest in the direction of a customer/contractor structure, with fewer core ministries and increased privatisation, creation of executive units and contracting with the private sector (Commonwealth Roundtable (1992: 20). Malaysia and Singapore have retained many of the features of the traditional public service, but with a fundamental emphasis on efficiency, outcomes and above all on nation-building. Bangladesh, India, Pakistan and Sri Lanka are seeking to increase the efficiency and effectiveness of their public services within a traditional organisational structure (Commonwealth, 1992: 20).

### 3.3 New public management characteristics of reform in OECD countries

The OECD group of countries is a diverse group, which includes the principal reform countries in the Southern and the Northern hemisphere, which had gone through reform to improve the performance of the public service and the economy. The diversity of the group is reflected in an OECD report (OECD, 1997: 86-87) which states that there is no single best model of public sector management. After a survey of the reform in the OECD countries, the following main trends are identified:

- a continuation of the trend towards **devolving managerial authority** to provide greater flexibility in achieving public policy goals, supported by improved resource management, such as incentive structures for improving financial management, for example, allowing a limited carryover of funds into the next fiscal year ;
- a closer **focus on results** to complement requirements of the devolved responsibility by improving performance and enhancing accountability;
- a stronger **service quality orientation**, which involves public consultation and leads to public services that are more relevant to needs and more responsive to demands;



- a focus on **adapting organisational structures**, to improve service, performance, accountability and efficiency;
- a heightened focus on the importance of an effective **public sector work force and leadership**, to facilitate the stronger performance orientation and service-oriented public service culture;
- **regulatory reform** as a tool to improve the capacity of governments to achieve policy objectives efficiently and cost-effectively, and
- a **strengthening of steering functions** at the centre to drive reform strategically and promote policy coherence on cross-cutting issues, in the face of complex policy issues.

The OECD countries view improved **financial management systems** as a necessary basis for supporting a more devolved management environment. *France* is piloting service contracts, which aim to provide local administrators with greater budgetary responsibility. Where increased devolution has been in place for some years, accountability is strengthened through fine-tuning incentive structures, improving measures of performance and strengthening requirements for performance reporting (discussed further below). *Denmark*, among other countries, has a very decentralised budget system since reform in the 1980s, and has recently introduced a requirement for state institutions to prepare annual reports. *Sweden* and *New Zealand* have probably gone furthest in this regard, with devolution of varying degrees found in many other countries, among them *Australia*, *Canada*, *Finland*, the *Netherlands*, and *Portugal*. Recently, countries such as *France*, *Ireland*, *Mexico* and *Switzerland* report managerial devolution as a reform priority (OECD, 1997: 88).

From the above characteristics of reform in the OECD countries it is observed that the most consistent thread running through the reform of individual countries, is greater freedom in operational decisions for managers to improve

public sector performance. In South Africa public managers have not as yet been granted greater freedom in operational decisions to improve public sector performance. The political authority still rests with the minister within a government department. The head of a department and the senior managers must adhere to legislation and regulations. Whereas in the OECD countries' traditional input controls for the management of financial and human resources is being replaced by a framework of incentives and indirect controls, South Africa is adhering to the approach of compliance audits.

### **3.4 New public management as a administrative–political doctrine**

One of the most salient features of administrative reform in the Commonwealth and OECD countries is the drive to improve the quality of services to citizens. A characteristic of NPM is the rendering of more efficient services to citizens through market related mechanisms or by reducing government activity to a set of core functions. In order to create market related mechanisms, some countries are adapting their organisational structures. New organisation structures aim at improving the performance of managers; strengthening accountability (whether through devolution, or through a clarification of roles); and creating efficient operations.

Organisational changes in some countries such as the government agencies in the United Kingdom and special operating agencies in Canada have separated the provision of policy advice from operational functions. These countries rely on having a wide range of government services provided through agencies. Most countries adopt different models, to institutions that are designed to meet the needs of the citizens they serve. In *Canada*, the federal government transferred the obligation to provide public transport to municipal authorities and the private sector. Revenue collection services, which are currently undertaken by federal and provincial governments, may be integrated into a new partnership body: the National Revenue Collection Agency (OECD 1997).

*Australia, Austria, Hungary, Japan, Mexico, and the USA have rationalised governmental organisational structures into organisational units with greater*

autonomy, or have devolved functions to lower tier institutions or agencies of the federal government. Denmark, Finland, Sweden, Iceland, the UK and New Zealand are increasingly pursuing corporatisation and/or privatisation and make use of a variety of market related mechanisms such as contracting out.

The question, which arises, is whether the grand scale NPM type decentralisation, creation of government agencies and privatisation of state owned functions could be applied in South Africa? Fundamental to answering the question will be the point of departure that practices of the Commonwealth countries and the OECD can not be exported to South Africa without adapting them to local circumstances.

Since the new democratic political dispensation which commenced in South Africa with the acceptance of the interim Constitution in 1993, South Africa has been reintegrated into the international community, which in the past, has distanced itself from South Africa and punished the country with isolation and sanctions. NPM is well entrenched in the OECD countries, since reform programs were carried out from the 1980's. South African scholars have since started to debate, while international experts use their knowledge of NPM to advise the South African government on public management and administration.

Temmes (1998: 444-445) argues that political systems determine the extent of the application of interventions, such as privatisation and the creation of market related mechanisms to improve service delivery. He writes that: "The extent and intensity of privatisation is dependent not only on the political will to privatise, but also on the extent of national public ownership and national attitudes towards privatisation". He concludes that the influence of NPM on national administrative policy depends on two socio-politico eventualities:

- firstly, the administrative political thinking, and
- secondly, the way in which the political administrative system of a country is intended to develop on the basis of NPM-type reform.

There is no scientific basis to argue that South Africa's political views on issues of privatisation is different from the countries in the rest of the world, which have



embraced NPM type reform. In various countries the role of government is changing to reflect businesslike management of public services, client orientation and market related mechanisms such as competition for the delivery of public services (Kickert 1997).

### 3.5 The South African public management focus vis-à-vis NPM

Considering the nature and scope of how the Commonwealth countries view NPM (Commonwealth, 1992) and the OECD report (OECD, 1997) it could be argued that the reform interventions in the industrialised countries mark a progressive shift in governance. Like generic business management principles, which determine profit and loss, NPM is becoming an acceptable practice in the industrialised world. It is to be noted though, that the initial rationale of NPM was introduced in the principal reform countries to increase the performance of their public service and the economy.

In the 1980's when NPM was developing in especially the United Kingdom, New Zealand and Australia, and was converging internationally to have the same characteristics, South Africa was developing its own paradigm. Scholars such as Cloete (1988: 8-34) and Botes (1988: 63), contributed towards a generic approach to public administration and identified *normative factors* to guide the practice of public administration in South Africa. Support for the generic approach and the normative factors was evident in the early 1990's, while some scholars argued against the managerial approach which became synonymous with the NPM (Van der Westhuizen, 1990:11) (Christianson: 1990:57) (Hattingh,1991:48), others argued that public management must develop through innovation, without copying the private sector management practices. (Brynard, 1992: 183- 93).

During the Mount Grace conference (26 November 1991) a group of South African scholars and practitioners expressed their dissatisfaction with the state of the discipline. Of particular concern was the fact that public administration in South Africa was "outdated in a rapidly transforming society" and ignored "other dimensions and approaches to government" The conference participants agreed

that a new approach to the study, teaching and practice of public administration should entail (Mount Grace Resolution, 1991: 23):

- promoting more democratic and participatory government and public services;
- a just equitable and non-racial society with equal access for all people to societal services;
- providing better public services;
- maintaining sustainable economic social and political growth and development, and
- *promoting values such as efficiency, effectiveness, productivity, accountability, responsibility and responsiveness* (own emphasis).

NPM as an administrative-political approach departs to some extent from the normative principles of public administration, or normative factors, which were part of the public administration teaching curricula in South Africa during the 1980's and early 1990's. In the following section, the South African view of normative factors would be juxtaposed to the NPM administrative-political approach in order to establish the extent of the departure.

### **3.5.1 Normative factors of South African public administration vis-à-vis new public management administrative-political doctrine**

South African scholars such as Cloete (1988: 8-34), (Botes (1988:63) and Fourie (1989: 130) write that particular normative factors support the functions of departmental heads. Their operational freedom to design strategies, and their behaviour, are guided by normative factors e.g. respect for political authority; efficiency; respect for social and community values; practising of ethical norms and standards and the citizen's recourse to administrative law.

#### **3.5.1.1 Respect for political authority**

In terms of the norm of respect for political authority, political power is exercised to direct the activities of government departments through legislation, proclamations and official circulars and the approval of annual

budgets. Parliament determines executive policy, organisational structures, direct state functions and approves expenditure. A central personnel authority determines employment conditions, senior appointments and promotions. In most cases legislation provides the basis for work procedures and functions are assigned to government departments to implement. Departmental heads have an establishment and must utilise the personnel effectively and efficiently to achieve objectives. Public accountability takes place through reports by the Auditor-General, parliamentary debates, portfolio committees, administrative law cases, media comments and investigations

- New Public Management perspective

The separation of politics and administration is pursued under the NPM approach to ensure that public managers have operational discretion to manage public institutions like businesses (Common, 1998: 59-70): Government departments are granted greater autonomy to manage their own affairs, but ministers determine the goals which public managers of departments or government agencies must achieve. In the United Kingdom the basis of ministerial accountability is unchanged by agency status. Employees in agencies are public servants, but agencies report to ministers who are accountable to Parliament. The *Next Steps* initiative has clarified responsibilities within departments and made them much more transparent. The publication of framework documents, key annual performance targets, annual reports and accounts provide greater transparency to Parliament and the public. In the United Kingdom there are 140 agencies and 4 departments running on *Next Steps* principles, which affect 76% of the public service, or almost 390,000 public servants (OECD, United Kingdom Country Report, 1999:3)

In terms of the NPM approach, ministers no longer concern themselves with the day to day affairs of the departments and agencies. Reporting is done as per agreement with a minister, who must adhere to the contract between the minister and the implementing institution. Execution of operations is left to the discretion of chief executive officers (Finer1991:23-30).



### 3.5.1.2 Efficiency and effectiveness

Efficiency and effectiveness in public service rendering means the least use of resources to attain objectives and goals, and the provision of quality services. This implies that the actions of public servants must be guided by the most appropriate means towards attaining goals and objectives. Fourie (1989:133-134) writes that government officials may argue that a lack of funds, or the cutting of program expenditure, will reduce effectiveness. The budgets of the South African government under the present government has not as yet been subjected to a comprehensive program review to eliminate programs which are not adding value to the socio- economic development of the nation.

Prior to the term of office of the present government, performance measurement was not an integral part of the traditional approach to enhance efficiency and effectiveness in the public service in South Africa. There is however, evidence that the current government is intent on introducing performance management in the public service.

In terms of the Local Government Systems Bill, which is being drafted by the Department of Provincial and Local Government (DPLG), provinces will monitor the performance of local authorities in terms of performance criteria. The Department is also spearheading an initiative to introduce general performance measures for the public service (Sizani, 2000). DPLG also awarded a tender during April 2000 to the SA Foundation for Public Management and Development to determine performance indicators for all the provincial departments (Du Plessis, 2000). It could therefore be deduced that the present government has the intention to introduce measures in the public service to ensure enhanced efficiency and effectiveness in the rendering of public services.

- New Public Management perspective

A hallmark of NPM is measurable standards and performance (Polidano, Hulme and Minogue, 1998:279). NPM relies on a market-based mechanism

for service delivery. In the absence of competition, contracting out, market testing and other techniques are introduced to assist the public sector in rendering more cost effective services. Government agencies which are utilised to implement programs, share some of the following workmethods and characteristics:

- defined responsibilities and clear aims and objectives set out in a published framework document;
- key performance targets covering quality of service, financial performance and efficiency set by ministers and announced to Parliament;
- greater openness where performance against these targets is reported each year and published in the agency's annual reports and accounts (OECD United Kingdom Country Report, 1999:3).

In terms of NPM, expenditure is reduced through a reduction of operational expenditure of government departments. Efficiency is attained through public service commitments (charters) towards the general public and by treating them as clients with the right to efficient and effective services (Common, 1998: 60).

### 3.5.1.3 Respect for social and community values

The principle of respect for social and community values was emphasised in the political dispensation on the acceptance of the 1993 Constitution. Human rights were entrenched in the interim Constitution, for the first time in 1993. Before 1993, government predetermined values applicable to racial groups and governed them separately. Racial groups were believed to have different material, spiritual, cultural, social, political and institutional values. By the early 1980's no other country in the world had racial policies similar to legalised "apartheid". Some scholars in South Africa were oblivious to the discriminatory moral values and actions of the government. Hanekom and Bain (SAIPA: 1991: 36-45) argue that the point of departure for the *moral foundation of the South African public service* was contained in the Republic of South Africa Constitution Act, 1983 (Act 110 of 1983) (own emphasis).

However, it could be questioned whether these moral foundations applied to all sections of the South African society.

In 1984, the United Nations Security Council declared the Republic of South Africa Constitution Act, 1983 (Act 110 of 1983) in conflict with international standards. It was of the opinion that only the total eradication of apartheid, in a united and unfragmented South Africa, could lead to a just and lasting solution (Asmal 1996:178). Asmal (1996: 126) writes that the systematic denial to South Africans blacks of equality before the law has a history longer than apartheid. Blacks were objects in the eyes of the political system and the law alike: "rather than being viewed as citizens with rational and legitimate aspirations of their own, worthy of equal respect".

- New Public Management perspective

The Commonwealth Heads of Government (Commonwealth Secretariat: 1996: vi) is of the opinion that the drive towards management culture and quality services, are aspects of a new value system. Community values are mostly reflected in *customer service charters*, which serve a particular clientele, e.g. the Metropolitan Transport Trust of Tasmania, Australian Taxation Office, The departments of Social Security and Immigration and Multicultural Affairs. (Macpherson:1997 1-3) (Skinner: 1997: 2-4). The charters are directed at public servants to be more responsive and customer focused, and to solve problems, without creating barriers for the public to access government service agencies, irrespective of social standing.

NPM regards all citizens as equal customers with a right to efficient and effective services. In the United Kingdom (United Kingdom, 1994) service charters contain principles to ensure that community values are respected. The "principles" to which public services must comply are: set standards which individual users can reasonably expect; availability of information and openness of transactions; service choice and consultation; courtesy and helpfulness; a prompt response to a public complaint and value for money.



South Africa has progressed from a limited democracy to a democracy where a bill of rights is included in the Constitution of the Republic of South Africa, Act 1996 (Act 108 of 1996). It provides for, *inter alia*, equality before the law and the right to privileges of citizenship, access to adequate housing, health care, emergency medical treatment (own emphasis). Human dignity (section 10), freedom of religion, belief and opinion (section 15) are entrenched in the Constitution, but no guarantee of the standards of services form part of a social contract between government and the consumers of public goods and services.

#### 3.5.1.4 Practising ethical norms and standards

Botes (Botes 1989, quoted in Fourie, 1989:136) writes that ethical norms and standards which public servants have to adhere to are friendliness, being helpful, respect for other people, caring, patience, and expeditious. He (Botes, 1987:42-43) (1988:61-62) is of the opinion that behavioural guidelines demarcate the day-to-day generic administrative functions of policy-making, financing, personnel provisioning and utilisation, procedures and methods and control. It applies to the functional activities, which are peculiar to individual departments such as education and correctional services. It also applies to management functions, such as planning, motivating, co-ordination and controlling.

- New Public Management perspective

NPM does not distinguish between social and community values and the practising of ethical norms and standards. The ethical conduct of public servants is a prerequisite to manage agencies. Charters provide for “putting things right”, which means that government agencies must provide an apology, full explanation and a swift remedy to a justified complaint. Simple complaint procedures are publicised and an independent review of an appeal is provided (United Kingdom, 1992: 19). Market testing in the United Kingdom demand ethical and productive behaviour of officials, otherwise they could lose their service to the private sector (United Kingdom, 1994 (Commonwealth Secretariat, 1996).

### 3.5.1.5 Citizens recourse to administrative law

In South Africa, public officials may only perform operational activities, which have been mandated by legislation. If citizens are unhappy about the actions of officials or feel that they were treated unfairly they have recourse to administrative justice, in terms of Section 33 of the Constitution of the Republic of South Africa Act, 1996 (Act 108 of 1996). All administrative actions must be *bona fide*, and citizens must in all instances be heard and treated fairly by officials. Where citizens are withheld any privilege where the government has a discretionary power, e.g. the granting of a firearm licence, they have a right to an appeal to a court, or where appropriate, a tribunal, in terms of section 33 (3) (a) of the Constitution of the Republic of South Africa Act, 1996 (Act 108 of 1996).

- New Public Management perspective

Where a service is privatised, or implemented by an agency, NPM does not grant the private sector the right to legislate. Where the issuing of, for example, passports is done by an agency, it has to do it in accordance with legislation. The focus is on service, for instance, reducing waiting times for immigration controls (United Kingdom, 1994: 58), public satisfaction with police services (United Kingdom 1994: 59) and issuing drivers licenses 8-9 days after having passed a test (United Kingdom 1994: 20).

The above examples of NPM stands in stark contrast with traditional concepts of public administration, based on the Weberian bureaucracy and responsible administration. Fox and Miller (quoted in Common, 1998: 60) argue that the “traditional public administration paradigm, based on the Wilsonian dichotomy, Taylorist scientific management and Weberian hierarchical control, is dead.” Since the early 1980, the so-called “managerial reform” or “new public management” became an international phenomenon, (Kickert, 1997:17) (OECD, 1990,1993). Metcalfe (quoted in Common, 1998: 59) refers to the NPM characteristics as “the internationalisation of public management reform”. It appears therefore that the NPM service delivery trend is departing from the

traditional service delivery mode, which is controlled by the service delivery pace and values of public officials. It could thus be argued that NPM indeed reflects a new approach to management and that the public sector can be managed, however, administrative guidelines still have to be honoured.

### 3.6 General critique of new public management

Cloete (1999:9) is of the opinion that the “likelihood of successful implementation of the NPM model diminishes”:

- the more heterogeneous the social value systems are;
- the more ideological the political system;
- the more sophisticated the democratic political culture;
- the more centralised the political culture
- the more direct state intervention there is in the economy;
- the stronger the economy;
- the less government is under threat;
- the more inequitable/ skewed the allocation of resources in the society;
- the weaker the private sector capacity;
- the weaker the human resources capacities;
- the weaker the support systems capacity
- the weaker the strategic management capacity in the policy system, and
- the more fragmented and the less committed to the implementation of reform the dominant governing elite in the system.

The World Bank (1997:87) and scholars such as Corkery (1997:5) Common (1998: 69) and Nunberg (quoted in Minogue, 1998: 25) concur with Cloete’s opinion (1999:10) that the potential application of the NPM model in less developed states is restricted as a result of the conditions quoted by Cloete (1999: 9). Minogue (1998:25) is of the opinion that there are no clear examples of the establishment of government agencies in developing countries. He writes that it is not possible to apply “a decentralising fragmenting model of reform if you do not have a traditional unified public service to begin with”.



The deficiencies of the NPM approach motivated scholars such as Cloete (1999: 8-12), Rhodes (1997: 53) and Toonen (1998: 249) to emphasise the value of concepts such as *networking* and *strategic management* as interventions to enhance public service delivery. *Networking* proposes the establishment of collective partnerships with private sector enterprises and voluntary organisations in civil society, to augment service delivery mechanisms outside the traditional public service. Strategic management encapsulates, *inter alia*, leadership, the creative use of resources, a strong work ethic and effective strategic and operational management (Cloete, 1999 (b): 91). However, as has been argued earlier in this chapter under 2.1.1 and as was indicated in chapter 3 (4.1), South Africa is a developing country with an emerging world economy. The appropriateness of the reform frameworks and interventions, which rely on the private sector and civil society organisations for service delivery, cannot be applied in South Africa without adaptations to suit our domestic circumstances.

### **3.7 Possible limitations of new public management: Lessons for South Africa**

The reform programs in the principal reform countries, which were initiated in the early 1980's, have to large extent settled down. It is therefore now possible to raise the question: To what extent can reform, typified by NPM interventions be successfully implemented, and what can South Africa learn from it? Two reform frameworks are of immediate relevance to South Africa, because they depart to an extent from the traditional practices of public administration and management as it is practised in South Africa, namely: the organisational separation of *single-mission departments* with implementing divisions *and* the applicability of *contracting-out and market testing*.

#### **3.7.1 Organisational divisioning**

In Britain and New Zealand, reform programs have led to the proliferation of public institutions, with policy-making remaining with government departments and implementation with public agencies. The distinction between policy-making and operations are not always clear, and although it is causing a measure of irritation in especially the United Kingdom, the agencies are reported to be functioning more efficiently and effectively in some respects than was the case in

the previous government departments (United Kingdom,1994) (Jary,1996) (Minogue, 1998: 28-30) (OECD, United Kingdom Country report, 1999).

The agencies in the UK are increasingly carrying out public services, which were formerly delivered by large departments. Minogue (1998:24) writes that in the United Kingdom in 1997, there were 130 such agencies, employing a total number of 386 000 civil servants, or 75% per cent of the total. Of the 133 chief executives appointed, 90 per cent of the appointments were from outside the civil service. In terms of an OECD report (1999:2-3) there are currently 140 agencies and 4 departments which are managed in terms of running of *Next Steps* principles, which employ some 76% of the public service employees (390,000 civil servants). It could therefore be deduced that government departments could be organised in smaller units to render services for a particular clientele. Specialised managers could thus be recruited to manage the smaller organisation units more efficient and effectively.

The equivalent of agencies in New Zealand is known as state-owned enterprises (SOEs). Unlike British agencies, they are no longer considered part of the public service. But in addition to creating SOEs, New Zealand reorganised its remaining public service departments into smaller, more focused institutions. This was done on the assumption that fewer organisational objectives promote improved accountability and more efficient performance (Duncan & Bollard, 1992: 3-36).

The relevance of the fragmentation of departments into service institutions for South Africa should be considered from the perspective of the possible loss of coherence versus intensified service delivery. A loss of coherence is possible when ministers agree on performance contracts with implementing agencies, and Cabinet ministers decide to co-operate on particular projects to deal with a socio-economic problem, which set new goals for the agencies. The question is therefore, whether at this stage of South Africa's development, the government should focus the operations of all the departments on specific socio-economic development issues, or allow ministers to divide their departments into high impact service delivery agencies? The answer would probably not be found on

either end of the continuum, but consideration needs to be given to grant more organisational autonomy to departments that serve a particular clientele.

Some departments, which provide services such as the issuing of passports, the deeds office, patents office, registrar of companies and departments which render a recording, control and regulatory type service for a defined clientele, could benefit from more autonomy to operate on business principles. A case in point is the former Department of Inland Revenue which was converted to the South African Revenue Services (SARS), in terms of the South African Revenue Service Act, 1997 (Act 34 of 1997). SARS became an organ of state within the public sector, but as an institution outside the public service. In terms of section (3) (a) of the Act, SARS performs its functions under the policy control of the Minister of Finance. A commissioner who is appointed for five years heads SARS. The institution determines its own staff establishment, appoint employees and determine their terms and conditions of employment. It is a legal entity separate from government and controls its own resources, but complies with the Exchequer Act, 1975, (Act 66 of 1975). SARS is entitled to money appropriated annually by Parliament for the revenue collection services, which it must render. Its budget for the 1997-1998 financial year was R1,225 billion. (SARS Annual Report: 1998:6).

SARS reports (SARS Annual Report: 1998:14) that during its first year of operation, it exceeded its budgetary target of R164,2 billion. It, *inter alia*, reduced outstanding debt with R 454 824 064; reduced outstanding returns by 51%; improved Value Added Tax recovery with 118% and increased the number of income tax audits with 9%. It has to be concluded therefore, that the autonomy which were awarded to the former government department, assisted in SARS to operate more efficiently and effective.

A co-ordinated approach to deal with complex socio-economic development issues in South Africa under a new democratic dispensation since 1994, would demand that the functions of departments such as health, welfare, education, housing and water affairs be focussed on the needs of disadvantaged communities. The co-ordination of the activities of various departments through



Cabinet and through inter-ministerial committees is more effective when ministers provide political leadership. In the United Kingdom, ministers enter into agreements with the chief executive officers of service agencies to attain specific targets, in terms of a framework document. The framework document covers issues such as objectives, reporting and accountability, performance pay and employee relations (Finer 1991:25-27) (Consulting and Audit Canada, 1993). The creation of government agencies risk separating policy-makers, who remain in government departments, from policy-implementers in government agencies. Ministers are accountable to Parliament for policy, but the execution of policy is delegated to an agency, which is headed by a chief executive officer. Because the framework document, or contract, technically prohibits a minister from interfering with the chief executive officer while implementing policy, ministers must appoint chief executive officers who could maintain co-operative relationships with the minister. While externally recruited appointments for chief executive officers may bring fresh skills to the public service, the culture of the public service is different from that in private sector and could cause conflict between the chief executive officer and minister (Jary, 1996:6) Mellon, 1993: 28).

A concern for institutional coherence in Canada and Australia led to departmental mergers and a reduction in the size of the Cabinet (Polidano, Hulme and Minogue, 1998: 280). Canada's experiments with 'special operating agencies' have been limited, compared to the United Kingdom (Auditor General and Secretary of the Treasury Board, 1994) (Consulting and Audit Canada, 1993). Thus it may be concluded that not all countries which have reformed their public services since the 1980's have created implementing agencies which are separated from policy-making departments. In cases where concerns existed over coherence, the *status quo* were maintained or departmental mergers were carried out.

The juxtaposition of coherent centralisation versus decentralised focused objectives, such as at the extreme end of the continuum in the United Kingdom and New Zealand, indicates the choices under the NPM choice for service delivery. It could be argued that a country such as the United Kingdom has gone

to the far end of the decentralisation continuum. Throughout the reform process in the UK greater service delivery efficiency and effectiveness were sought, which led to a departure from traditional departmental structures. This has led to a continuous shift to decentralise.

The organisational restructuring of government in the Commonwealth and OECD countries to improve service delivery provides a spectrum of possible options for South Africa. However, future reformers in South Africa wanting to improve the service delivery through restructuring the public service, will have to select an option on the continuum of possibilities developed by countries which have reformed their public services. Countries, which improved services to “clients” through organisational restructuring, indicate that no government department is an entrenched or sacrosanct institution and that new structures could create a new culture, which is conducive to more effective and efficient service delivery.

### **3.7.2 Competition and contracting**

Competition is a significant feature of the entrepreneurial model of new public management, with an assumption that privatisation and contracting out will ensure the application of competitiveness. Contracting as an NPM characteristic has been applied in various ways: direct contracting out of public functions to private firms; internal markets, purchaser-provider relationships and managing the performance of agency or departmental chief executives (Consulting and Audit Canada, 1993).

In the United Kingdom, the motivation for contracting out non-core public sector activities is succinctly stated in the White Paper: *Competing for Quality: Buying better services* (United Kingdom 1991). Managers have to account for their performance against financial and quality targets and therefore have to provide more efficient and effective services to their consumers, whether those services are in-house or bought from outside. In the United Kingdom, the government policy is that the improvement of public services requires the substantial expansion of competition for service delivery. To this end, the White Paper (United Kingdom, 1991), *inter alia*, prescribes to departments that:

- government departments and agencies must establish full cost of providing services in-house, and determine whether such services could be provided cheaper by inviting tenders;
- savings which are achieved have to be utilised in service programs, and
- where services are contracted out, redundancies have to be minimised through redeployment of staff, or transfers to a new contractor.

Where services are likely to remain with a public agency, a process of 'market testing' applies the competitive principle, meaning that activities must be continuously reviewed to establish whether in-house provision remains competitive with any alternative form of provision.

According to Minogue, (1998: 28), savings of about 20% are attained through contracting services out or through market testing. In house teams have won 71% of market testing bids between 1992-1996. The market testing policy has been continued in the United Kingdom since 1995, all departments have to produce efficiency plans, which record their application of competitive principles (Minogue, 1998: 28). It could therefore be argued that market testing may contribute towards a decrease in South African government's recurrent expenditure on the production of goods and services. It is, however, a reform intervention which has not been tested in the South African public service and it would be prudent to first experiment in one department before expanding the principle to other departments.

### **3.7.3. The need for contracting out in South African public service**

In this section a general overview of the state of management and administration of the public service will be provided. The Department of Education and the Department of Welfare in the national sphere of government, and the provinces were selected to provide a representative picture, because of their share in the national budget expenditure. During 1998-1999 the provincial share of the budget was 56,9%. Out of a national budget of R160,9 billion, R44,9 billion (27,9%) was allocated for education R18,3 billion (11,4%) for welfare (South



1999:53-58). From the examples, which are provided through a study of Auditor-General reports it would become clear that human resource capacity in financial management to expend funds in the Department of Welfare and to manage the finances in the provinces, is limited. Due to this essential lack of capacity, it could be argued that a need exists to contract particular functions out to the private sector. According to the Auditor-General (Pretorius, 1999) most provinces have inadequate human resources to administer and manage the functions assigned to the provinces. Reports of the provincial auditors-generals clearly reveal this state of affairs.

The key findings of the Auditor-General (1998: 4-5) during its compliance audit for the financial year which ended on 31 March 1998 for the Department of Welfare was, *inter alia* included, unauthorised expenditure of R303 290. The Auditor-General emphasised the inability of the Department to expend its funds. The Auditor-General presented the following record (Auditor-General, 1998: 4):

TABLE TO INDICATE PERCENTAGE OF TOTAL APPROPRIATION  
SURRENDERED BY THE DEPARTMENT OF WELFARE

Financial year	Total appropriation for the year	Additional funds voted	Surplus	Percentage of total appropriation surrendered
	R'000	R'000	R'000	%
1994-95	85 798	1 308	13 394	15,6
1995-96	88209	11 751	21 312	24,2
1996-97	119 300	37 336	52 331	43,9
1997-98	255 647	155 349	110 634	43,3

Some of the funds, which were unspent by the Department, were donations from countries such as Sweden and the Netherlands, which had to be returned. From the above table, which indicates the amounts that the Department surrendered for the 1996/97 and 1997/98 financial years, is possible to deduce that the Department does not have adequate, or adequately qualified and trained human resources, to implement its programs and projects. It could therefore be argued that the Department could increase its effectiveness through, *inter alia*, contracting out particular services to ensure that its projects and programs are implemented.

For the year ending 31 March 1999, the Auditor-General presented an unqualified opinion for the financial audit and a qualified opinion for the compliance audit, because of unauthorised expenditure of R 850 000 for the Department of Education.

In the Free State, the Auditor-General (Auditor-General (Free State) 1995-1996) singled out five items for which he issued a qualified audit opinion:

- due to insufficient accounting records and bank statements it could not be determined how an amount of R114 024 000 which was transferred from the former QwaQwa government, was made up;
- an amount of R47 243 666 outstanding as revenue from various sources, including hospital fees of R42 811 422 were outstanding;
- according to the information furnished by the Accounting Officer, financial guarantees amounted to R7 924 000 whilst a figure of R27 152 000 appears to more correct;
- a transfer payment of R33 990 055 to a development institution was made irregularly and the accounting officer did not ascertain if the need for such transfer still existed, if the aid was still deserving and if the institutions had achieved the goals of the previous year which were set, and
- several shortcomings in the government justified an unqualified opinion on the balance sheet and income statement, such as: the understating of income and debtors; outstanding logsheets; inadequate documentation to reflect the takeover of the government garage of former QwaQwa; control over vehicles; sale of vehicles below reserve price and inadequate stocktaking.

In Gauteng the Auditor was only able to issue a 37% unqualified audit opinion out of 21 financial audit opinions (Auditor-General (Gauteng) 1996-1997) Some of the key findings included:

- unauthorised expenditure amounting to a total of R431 496 950,37 for the financial year ending 31 March 1997, of which the Health Department was responsible for incurring R382 337 619;.
- the Department of Public Transport, Roads and Works and the Department of Public Safety and Security incurred fruitless expenditure amounting to

R7 772 290 where departments vacated premises before the lease contract expired or premises were not fully occupied;

- thefts and losses amounted to R42 337 936 of which R27 387 666 was irrecoverable hospital fees and R1 168 318 from claims for alleged negligent treatment of patients, and
- revenue outstanding on 31 March 1997 amounted to R232 600 997.

In Kwazulu-Natal the Auditor-General (Auditor-General (Kwazulu-Natal) 1995-1996) reported that for the 1995-1996 financial year, accounts and statements were due by 31 July 1996, but extension was granted until August 1996. Despite the extension financial statements and returns were submitted late, or not at all. Due to errors and lack of information some returns had to be referred back. The Department of Works and Traditional and Environmental Affairs did not submit any financial statements or returns. The Auditor-General therefore stated that his report is incomplete. Auditor-General (Kwazulu-Natal), 1995-1996). A selection of the salient findings in the report were that:

- unauthorised expenditure of R70 498 828,07 occurred;
- in the Department of the Premier, vouchers amounting to R1 465 839 could not be submitted for auditing, overpayments occurred, payments were authorised without approved delegations and “numerous” items of equipment could not be located at the royal residence at Ondini;
- in most of the departments, supporting documents for payments could not be located;
- advances of R 18532 331 for a schools nutrition program could not be accounted for;
- of the R31 001 000 voted for reconstruction and development projects only 2,48% were expended, but without business plans, evidence of viability approval by the appropriate committee or adequate banking details of the recipients of the project funds;
- thefts and losses amounted to R5 228 754;
- cheque fraud amounted to R9 361 643 and theft of state money R3 063 846, and
- revenue outstanding at state hospitals on 31/03/96 was R38 985 805.



In Mpumalanga the Auditor-General reported that the financial statements, which were due in 1998, were provided six months after the due date and because of incomplete statements and documentation, he had to qualify the financial audit opinions. (Auditor-General (Mpumalanga), 1997-1998:12) The Auditor-General stated that the reasons for the qualified audit report are, *inter alia*, a lack of properly qualified and experienced financial managers; lack of trained staff; departments do not have control over the expenditure and budgets because it is controlled by the Department of Finance; a lack of internal audit control measures and non-adherence to the legislation, financial regulations, Treasury Instructions and Tender Board Regulations (Auditor-General (Mpumalanga), 1997-1998: 3).

The Auditor-General of the Northern Cape identified 21 matters of a *more serious nature* during his 1996-1997 audit. Auditor General (Northern Cape), 1996-1997: 11-33). Some of the matters were, *inter alia*: a lack of control over travelling and advances in the Department of the Premier; cheques to the amount of R4 226 929 which could not be submitted for audit purposes during the audit; an amount of R2 228 600 which was paid for rent by the Department of Works without the premises being utilised. In all, 531 cases were discovered where taxes were not deducted from the salaries of officials; R17 177 505 of pensions were paid where the pension number did not correspond with the identification number, and inadequate control was exercised over the use of credit cards of politicians and officials.

The Auditor-General of the North West Province (Auditor-General (North West) 1996-1997:5) reported that financial statements were submitted late, thus impeding the timeous submission of audit reports to the legislature. He found a serious lack of internal checking and control which created opportunities for possible irregularities, with particular reference to:

- inadequate financial and budget control;
- inadequate control over assets
- bank reconciliation not up to date or not carried out;

- non-compliance with treasury instructions and financial regulations, and
- non-compliance with tender regulations.

The Auditor-General of the Western Cape reports that the completion of his audit report was hampered by late submissions of account statements and returns which had to be returned on several occasions (Auditor-General (Western Cape) 1995-1996: 22. The audit pointed out, *inter alia*, that: 14 cases of fraud amounting to R814 990 could be related to inadequate checking and control measures. Losses totalled R2 315 408; revenue amounting to R94 842 472 was outstanding on 31 March 1996, of which an amount of R 74 527 454 was attributed to hospital debtors, and an amount of R 1 166 871 was spent on commissions of inquiry into alleged irregularities and mismanagement.

- In the case of the Eastern Cape, the Auditor-General found that the financial management in the province was so ineffective, that it was not possible to carry out a complete the audit. (Auditor-General (Eastern Cape),1996-1997). Where financial statements were submitted, the quality was such that it could not be used for audit purposes. The Auditor-General could only comment on issues such bank reconciliation statements, revenue, stores and equipment, personnel expenditure and payment for goods and services.

From the aforementioned audit reports it becomes clear that financial management in particularly the provinces are ineffective. Fraud, theft and losses are occurring in all provinces. Financial controls are inadequate and lead to fraud.

The NPM emphasis in public management is on managerial accountability. It also emphasises the possible service delivery economy of outsourcing and contracting vis-à-vis the current mode of service delivery by government departments. It could therefore be argued that NPM could be implemented only on condition that the required expertise exists to manage, a sound administrative structure is maintained and adequate financial resources are available.

#### 4. CONCLUSION

Since the early 1980's most industrialised countries around the world re-examined and reformed their governments. The countries, which embarked upon voluntary administrative reform during the decades of the 1980's and 1990's had outcomes which were remarkably similar. Most reform outcomes resulted in transformed governments with a smaller stake in the economy, a downsized welfare state, decentralised, reduced bureaucracies and smaller central public services, with public managers becoming more output conscious and goal orientated.

The two vital elements of public service reform strategies were firstly a focus on efficiency, effectiveness, and quality of service, and secondly, the replacement of highly centralised hierarchical structures with decentralised management environments.

The new style public management and administration of the public sector, which reformed their public services, departed from the traditional public administration where the focus was on policy advice and implementation and became known as "new public management". The NPM style of reform effected a paradigm shift, which redefined the role of government in relation to the nature and scope of its services and its role in the economy.

Most of the NPM interventions since the 1980's reflect a procedural and programmatic reform type, which were effected by incremental changes with end results reflecting a strategic shift from the *status quo*. The significance of the incremental reform of countries, is that South Africa would have to design its own reform agenda. Although the experiences of other countries could be studied, South Africa has to take cognisance of its internal managerial capacity to design a program, which could make its government and executive institutions internationally competitive.

Throughout most countries of the world, political systems determine the extent of the application of interventions such as privatisation and the creation of market



type mechanisms to improve service delivery, which are accompanied with greater management autonomy. Two of the reform outcomes constitute the most frequently used NPM type of reform interventions. There is no basis to argue that South Africa's political thinking on issues of privatisation is different from the rest of the world, which have embraced NPM type reform. Reports of auditors in the national and provincial spheres of government indicate that adequate human resources to manage programs, and financial management and control are inadequate.

Two reform areas are of immediate relevance for South Africa, viz. the organisational fragmentation of single-mission departments and the applicability of contracting-out and market testing. There is however, no single best model which South Africa could adopt for restructuring the public service, for service delivery and the most appropriate lesson is that reform improves services through organisational restructuring of public service departments. Contracting out and market testing could benefit the South African public service from a cost reduction perspective. This practice has not been proved in South Africa and research would have to be conducted to determine the strength of the service in some of the provinces with a limited resource base.

The NPM style reform stands in stark contrast with older traditional concepts of public administration based on the Weberian bureaucracy and responsible administration. Since the early 1980, the so-called "managerial reform" or "new public management" became an international trend, and South Africa will have to reconsider some of its current management practices in order to become internationally competitive through more efficient public management.

## CHAPTER 7

### GUIDELINES FOR IMPLEMENTING ADMINISTRATIVE REFORM WITHIN SOUTH AFRICA

#### 1. INTRODUCTION

Since the 1980's the governments of most industrialised countries introduced administrative reform as a means to re-examine and reshape their public services. The countries, which were successful in achieving more efficient and effective public services, share some common approaches and strategies, which could be studied as guidelines for effective practices for an administrative reform program in South Africa. The *White Paper on the Transformation Public Service* (1995: 11) states that administrative reform will follow on transformation, and the Presidential Review Commission (1998: 241–243) recommended reform measures in, *inter alia* financial management and inter-governmental financial relations.

An administrative reform program for South Africa, to the extent it was implemented in, *inter alia*, the principal reform countries will be conducted more successfully if it is based on practices which were proven during reform programs in countries such as the principal reform countries. This chapter describes and explains the most salient guidelines for reform, which have been deduced from studying reform in particularly the principal reform countries, OECD and Commonwealth countries.

Most scholars acknowledge the United Kingdom, New Zealand and Australia as countries, which have succeeded in reforming its administrative and management systems. It is therefore possible to deduce from the works of scholars, and official documents of government institutions, which actions of politicians and public officials and practices constitute guidelines, which would be appropriate for South Africa. Although it is possible to compare the approaches taken by countries to reform their public services, countries differ in terms of their political, economic and cultural circumstances. A comparative study, to

determine possible administrative reform guidelines, which could be useful in South Africa, is possible because all countries pursue reform goals to improve the efficiency and effectiveness of departments and public services to citizens.

Reform programs are initiated through politicians who conceive such programs and the broad principles of the reform strategy. This chapter would therefore firstly focus on reform guidelines related to political and executive leadership and secondly on reform strategies. Thirdly a number of general guidelines to which politicians and senior managers should adhere to ensure that reform outcomes are successful, would be described.

## 2. POLITICAL LEADERSHIP AND COMMITMENT

Political leadership is a requirement to ensure that reform programs continue and succeed. It cannot be assumed that reform will succeed once the program has been announced. According to Caiden, more reform program fail than succeed (Caiden, 1991) (Caiden, 1999).

In the principal reform countries, whether governed in terms of federal or unitary constitutional principles, the head of state initiates and directs the reform process (Australia, 1993) (United Kingdom 1988) (Canada, 1992 (a)) (Schick 1993). This principle is also a prerequisite for public sector reform in South Africa, which is a constitutional democracy, governed in terms of the Westminster model. In terms of section 83 (a) of the Constitution of the Republic of South Africa Act, 1996 (Act 108 of 1996) the President is the head of the national executive. The Constitution confers powers on the President to develop and implement national policy and to co-ordinate the functions of state departments and administrations (Section 85 (2) (b) and (c)).

The *White Paper on the Transformation of the Public Service* (1995) was produced by the Minister for the Public Service and Administration. The Report of the Presidential Review Commission (1998), which, *inter alia*, contained reform proposals, were submitted to the President. It (PRC, 1998: 17-28)



recommends that the final responsibility for the implementation of the PRC report should rest with the Office of the President, which would need to appoint officials or establish an agency to oversee implementation.

One of the main reasons which necessitates the involvement of the President in the reform process in South Africa, is his role as head of state and the requirement to co-ordinate the administration of state departments. His official position and authority is essential to give coherence to a range of interventions, which would encapsulate the national and provincial spheres of government. Comprehensive administrative reform affects all public sector departments. In terms of section 92 (1) of the Constitution of the Republic of South Act, 1996 (Act No. 108 of 1996), the Deputy President and ministers are responsible for the powers and functions of the executive assigned to them by the President. It is clear, therefore, that a minister who is responsible for a particular portfolio, such as the public service, do not have the power to direct comprehensive reform strategies.

## **2.1 Opportunity and Continuity**

To initiate reform requires that political leaders must be sensitive to reform opportunities, which would be conducive to carry his or her initiative forward. Elections and changes in government may open an opportunity, or create a risk for reform. In the United Kingdom, Australia and New Zealand leaders of opposition parties indicated the need for reform and directed it after they won the elections (Laking, 1992:65-84) (Prasser and Nethercote,1992:165). (Falcon,1992).

Caiden (1999:824) emphasises that politicians are not enthusiastic to reform towards the end of their tenures or when elections are due. Senior public managers who realise the need for reform must therefore consider reform proposals before the planning phase of political parties for the next election starts. In South Africa, the opportunity for reform was created with the general

elections in 1994. It brought an end to a political dispensation during which no comprehensive administrative reform was introduced since South Africa became a Union in 1910 (Worral 1971).

Although the necessity to reform the public service was expressed by the government in *the White Paper on the Transformation of the Public Service* in 1995, (1995:11) and by the Presidential Review Commission in 1998 (PRC, 1998: 27), the opportunity to embark on a reform program could be lost. It is essential that the government's decision to proceed with reform be made within a reasonable time. What is reasonable, relates to election cycles and the relevance of the findings of the PRC report. In February 2000, two years since the PRC report had been submitted, no official response to follow it up had been made. Caiden (1999: 821) writes that the longer it takes for a reform to be accepted, the greater the possibility that the circumstances will outdate it and necessitate fundamental revisions. Administrative systems change and adapt to the requirements of a situation. If it is not specifically directed, the system evolves in directions, which may not be in accordance with the original reform notions. This situation could develop in South Africa, and it might be necessary for the government to request the Presidential Review Commission to revisit their initial diagnostic survey and recommendations.

It could be argued that two years have lapsed after the PRC recommendations have been submitted and therefore the validity of the PRC recommendations need to be revisited. Most of the investigations were carried out in 1997 and conditions have changed in departments. It is possible that the situation in the departments, which were investigated, have changed to such an extent that some of the recommendations are no longer appropriate.

The Presidential Review Commission (1998: 231) reported that it is of the opinion that the recommended reform objectives "cannot be fully realised without significant change at the apex and core of government". The Commission emphasised this by stating that national departments and provincial

administrations will not be able to achieve the reform objectives if they continue to function as at present. They do not have the capability or the authority to remedy the way government functions (PRC,1998: 231). These findings are confirmed by the reports of the Auditor-General<sup>1</sup>, who makes it clear that some departments at national level and provinces do not have the administrative capability to carry out routine public administration and management functions.

Schick (1999:7) argues that a new government is more inclined to change course and also has initiatives to break new ground than one that has held power for an extended period. Caiden (1991:158) cautions that the longer reforms take to make an impact, the higher the probability that they may be dropped as opponents against the reform get organised. In South Africa, there exists no evidence that political parties are opposed to the notion of administrative reform. The possibility exists however, that such a long time has elapsed since the Presidential Review Commission submitted their report in February 1998, that its relevance as a basis for reform could be questioned, because the current situation could require interventions which differ from what the PRC recommended.

Reform programs that uproot established practice must continue beyond one election, and preferably, beyond one government, to have a lasting impact. The principal reform countries have made headway in reform because successive governments, which add value to past reform interventions, carry reform forward. From the British experience it could be deduced that reform is most likely to endure when it survives a change in government from one party to another. A shift in political orientation from left to right, or in the opposite direction, has not interrupted the reform process in the United Kingdom, New Zealand, Australia and Canada (OECD,1999)

It could be argued that continuity could be compromised early in the South African reform process if the efficiency in public administration and

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<sup>1</sup> The findings of the Auditor-General are described in chapter 6, paragraph 3.6.3.



management show a further decline in the administration and management in provinces in South Africa, as indicated and by the Auditor-General and described in Chapter six. The window of opportunity which the present government has, could begin to narrow as the administrative situation in some provinces related to theft and fraud, unauthorised expenditure and a lack of funds to deal with emergencies, deteriorate. The situation could force politicians and reformers into seeking short term or *ad hoc* solutions. If the opposition parties, for political gains, exploit the deteriorating situation in the provinces, it could lead to the governing political party being defeated at the polls. The successor government may regard the election gains as a mandate for change, and could disregard the reform proposals of the PRC and initiate its own interventions. Incoming governments would have to adhere to the promises of their election campaign, and it would be unlikely that they would implement the recommendations of the PRC report of 1998.

It is argued that it would be in the interest of a sustained reform program if the government would display political leadership and implement reform interventions well ahead of the next elections in 2004. Besides the potential political gains, the obvious advantages of a successful reform program would involve the opposition and ensure continuity of the process. Reform is by nature a long-term program and South Africa could learn from the continuity of reform interventions, which were endorsed by successive heads of government and different political parties in particularly the principal reform countries. The support and continuation of reform by the opposition parties in the reform process after elections make it imperative to ensure the support of a broad spectrum of political parties. Parliamentary support, which involves deliberation by all political parties, would contribute towards a transparent reform process.

## **2.2 Role of Ministers and the legislature**

The position of the prime minister as head of government and co-ordinator of reform is essential to ensure the coherence of the reform process. South Africa could be included among countries such as the United Kingdom, New Zealand

and Canada, which are governed in the Westminster tradition, as well as countries such as Sweden and Norway, where the Prime Minister's Agencies have a co-ordinating role (OECD Country Report, 1999). However, in South Africa, in terms of section 83 (a) of the Constitution of the Republic of South Africa Act, 1996 (Act 108 of 1996) the President is the head of the national executive and head of government. He, therefore, performs a dual role. Section 85 (2) (b) and (c)) of the Constitution of the Republic of South Africa Act, 1996 (Act 108 of 1996) requires that the President develops and implements national policy and co-ordinates the functions of state departments.

In Germany, the Federal Cabinet formed a body of experts called "The Lean State Advisory Council" to oversee the reform process. The implementation of reform resolutions is the responsibility of the Steering Committee on Administrative Organisation. The Steering Committee is a co-ordinating body, which is headed by the State Secretary in the Federal Ministry of the Interior, and consists of the state secretaries of the ministries of Finance, Defence, Economy, Agriculture, Construction and Research (OECD German Country Report, 1999) (Jann, 1997).

In Finland the political leadership of the Prime Minister in reform is indirect, since all decisions regarding reform are taken in the Cabinet. The role of the Office of the Council of State has been a minor one because in Finland the Prime Minister's Agency has no special co-ordinating functions. The role of the Cabinet in the reform of Finland was conducive to uniformity in reform measures. It ensured that all ministers and public servants participate in the decision-making process and are committed to implement the decisions. The disadvantage of the role of Cabinet as a decision-making body in the reform process in Finland, is that it could cause delays in reaching consensus. In Finland the Prime Minister has six political advisors to advise on reform. The Office of the Council of State consists of two parts, i.e., the political advisers of the Prime Minister (it thus resembles the British Prime Minister's Office) and the public servants responsible for the functioning of the Council of State, which could be compared to the British Cabinet Office. (OECD Finland Country Report, 1999).

Most comprehensive reform programs require all ministers to be involved. Cabinet decisions require that the head of the government must play a co-ordinating role. International experience with reform indicates that the head of government plays a role in reform and that ministers co-operate, to implement reform programs. In the principal reform countries, the head of government plays a direct leading and co-ordinating role, but even in countries with a federal constitution, the head of government is indirectly involved. Co-ordination among departments is required to obtain results.

South Africa could draw on the experiences of those countries, which have modelled their reform on the central role of the President and senior officials in his office. The leadership of the President in South Africa is essential to obtain the support of ministers. Ministerial co-ordination for the reform program would be possible through cabinet meetings and Parliament.

The *Public Service and Administration Portfolio Committee* in Parliament is a suitable institution to monitor a reform program. It is established in terms of section 45 of the Constitution of the Republic of South Africa Act, 1996 (Act no. 108 of 1996). In terms of Rule 32 (1) applicable to joint committees of the Rules of the National Assembly, 1996, portfolio committees, *inter alia*, have powers to:

- summon any person to appear before it to give evidence or to produce any document required by it;
- receive representation from interested person or parties;
- conduct public hearings;
- conduct its proceedings or any aspect of its work at any venue deemed to be most suitable;
- conduct its business when the national assembly is not in session, and
- appoint subcommittees.

The main purpose of the portfolio committees are to consider bills, deal with departmental votes, monitor, investigate and enquire into and make recommendations relating to any aspect of the legislative program, functioning policy or related matter concerning the department which falls within the



portfolio assigned to it. The *Public Service and Administration Portfolio Committee* is currently composed of a chairperson, 10 African National Congress members, 2 Democratic Party members, 1 Inkatha Freedom Party member, 1 New National Party member, 1 United Democratic Movement member and 1 United Christian Democratic Party (ANC, 1999).

An advantage of providing the *Public Service and Administration Portfolio Committee* with a monitoring function for reform would be that it would involve politicians from opposition parties in the reform process. Opposition parties would co-operate and add value to influence the public sector reform and review reform outcomes. Discussions in Parliament, and the attention which the media would give to the reform process, would require parliamentarians to participate in the reform debate, thus ensuring that it takes public views in account and promote scrutiny by the media.

### 3. LEADERSHIP BY PUBLIC OFFICIALS AND THE ROLE OF DEPARTMENTS

In all the reform programs of the principal reform and the OECD countries, both line and staff departments played a role to implement reform interventions (OECD, 1999). Staff departments such as Finance, the Interior, or the Office of the Prime Minister, sometimes plays a more prominent role than line departments. This section will describe how the head of government or departments could play a role in accomplishing horizontal departmental co-operation and support. It will indicate how a centralised initiative is essential to direct and manage reform and that the commitment of each line department is essential to achieve lasting change. It will indicate that in some countries central agencies worked closely together, performing the functions of a corporate office for government. To effectively implement reform, close consultation and co-operation between the ministers and departments are needed.

### 3.1 Leadership by public officials

Politicians determine the role public officials play in reform programs. This section describes and explains the leadership role of senior officials in government departments in Canada and the United Kingdom. In Canada (OECD, Canada Country Report, 1999: 11- 13) leadership was to a large extent shared, while in the United Kingdom the politicians directed the reform and prescribed the role of officials. Approaches, which would be appropriate for South Africa, will be deduced from reform practices in Canada and the United Kingdom.

#### 3.1.1 Shared leadership

In Canada, public officials have carried out public management reform within public institutions, while ministers played a lesser role. (Swimmer, Hicks and Milne, 1994) The Canadian reform model involves shared leadership, which means political leadership is exercised to realign the role of *government*, to ensure balance, and to stay on course. Public service leadership plays a role to:

- design creative options in public management and administration;
- make feasible what is desirable; and
- ensure smooth implementation (OECD, Canada Country Report, 1999).

One of the Canadian reform strategies is to review the programs of the Federal Government in order to reduce government expenditure. (OECD, Canada Country Report, 1999:31). A committee consisting of the heads of departments served the Program Review Committee, which consisted of ministers. The Clerk of the Privy Council chaired the committee of heads of departments. Staff and line departments contributed to the program review exercise, according to their roles and strengths. Departments established action plans in response to the program review questions and are responsible for their implementation as follows:

- deputy ministers (DM's) (*DM's are Director-Generals in South African terms*) presented the departmental plans to the DM steering committee, along with implications of plans for departments and clients;
- the DM steering committee made recommendations to Ministers, who reviewed the plans as put forward by portfolio ministers;
- the Ministerial Committee made recommendations to the Prime Minister; and
- the results of the departmental program reviews were confirmed through provinces in the budget.

The Clerk of the Privy Council, in the Privy Council Office (PCO) is Head of the Public Service and Chief Policy Advisor to the Prime Minister in his/her role as leader of government. During the reform program, the PCO manages the process and co-ordinates actions. The Clerk of the Privy Council has to contact departments to assess progress in preparation of departmental action plans and provide feedback throughout the process. He co-ordinates his activities with the Department of Finance and the Treasury Board to ensure co-ordination (i.e., regarding fiscal targets and assessment of departmental action plans) and assists in integrating the results of other reviews into the program review process (OECD, Canada Report, 1999:12-13).

The roles of heads of staff function departments in Canada, relate to their legislative mandates. During the reform process, the Department of Finance is responsible for control of expenses and the provision of economic policy advice to the government. It leads parallel reforms such as to close tax loopholes and ensure tax compliance. The Treasury Board Secretariat is responsible for the management of the public service. As employer, it is responsible for detailed expenditure monitoring, and the Public Service Commission is responsible for the adherence to the merit principle and the maintenance of a non-partisan public service (OECD, Canada Report, 1999: 13-14). Line function departments are responsible for the design and implementation of their own programs. They design and implement their own reform plans, subject to the government-wide umbrella of program review requirements (OECD, Canada Country Report, 1999:14).



From the Canadian approach to reform, South Africa could learn that officials may play a prominent role in reform implementation, but that direction and oversight remain the prerogative of ministers:

- the oversight of program review remains with ministers, through a Program Review Committee of Cabinet, chaired by a minister;
- the committee conducts a peer review of proposals from ministers, and give political approval to plans;
- the representation on the committee provides a political forum for ministers to raise concerns;
- reform proposals accepted by the committee are recommended to the Prime Minister, who takes overall responsibility for reform.

### **3.1.2 Politically directed leadership**

The United Kingdom represents a model where political leadership defines the role of senior officials in public service reform. The two central agencies primarily involved in the reform of government in the United Kingdom, is the Treasury and the Cabinet Office. While the Treasury reflects wider public expenditure concerns, and the Cabinet Office relates to the organisation of government, the details of the reform programmes are left to line departments.

In the United Kingdom and Australia (United Kingdom,1988) (United Kingdom 1994) (Australia,1983). Ms Thatcher appointed individuals from within and from outside the public sector to manage the British reform program. It could therefore be deduced that senior public officials are needed to manage the reform process sought by politicians. To perform their tasks, they have to stay visible, communicate effectively the need for change and define the results to be achieved. They have to be engaged throughout the process, and communicate how implementation is progressing.

The senior officials of particularly the Treasury and Cabinet Office play a major role in implementing the British reform. The Treasury leads the process of

privatisation, resource accounting and budgeting and the private finance initiative. The Cabinet Office gives direction on Next Steps, Market Testing/Contracting out, efficiency issues, the Citizens' Charter and the 'Modernising Government' initiative (United Kingdom, 1991 (a) and 1991 (b)) (United Kingdom 1994) (OECD United Kingdom Country Report, 1999)

The Cabinet Office in the UK co-ordinates reform. The Cabinet Office and Treasury have established a unit or team to co-ordinate and manage the program. The unit is staffed through secondments from other government departments and from the private sector. The authority of units are assigned to them by the Prime Minister or from other key ministers. Senior officials in line function departments would follow the lead set from the centre, and create their own internal core reform groups (OECD United Kingdom Country Report, 1999).

The Cabinet Office often brings together some wider forum of senior officials in line departments to discuss issues (OECD United Kingdom Country Report, 1999: 4-14). For instance, the Next Steps program, the Citizens' Charter program and Modernising Government program have all set up interdepartmental groups to discuss developments and to act as a consultation forum on policy issues. The preparation of white papers related to reform is overseen in by a steering group of senior officials from various departments and agencies, chaired by the Head of the Cabinet Office Public Service Delivery Group.

The reform approach in the United Kingdom has particular relevance for South Africa. Sections 85 (2) (b) and (c) of the Constitution of the Republic of South Africa Act, 1996 (Act 108 of 1996) requires the President to develop and implement national policy and co-ordinate the functions of state departments and administrations. Just like the British reform program, a clear directive and management initiative from the Office of the President would be essential to achieve reform success in South Africa. In the United Kingdom, line departments respond and implement reform directives from the Prime Minister's office. It could therefore be deduced that due to the role of the President to co-ordinate the administration of departments in South Africa, the senior official to lead to reform process, should be situated in the Office of the President.

South Africa could learn from the British experience, which seems to indicate that it is difficult to achieve early changes in areas outside the direct influence of central government. (OECD United Kingdom Country Report, 1999) At a later stage some areas outside central government have become leading examples of good practice This could also be the case for South Africa. An approach to engage the provinces in the design of the reform strategy would be conducive to their adhering to implementation directives.

Due to the leading role, which the Cabinet Office plays in public management and administration in the United Kingdom, its functioning is under continuous scrutiny. In South Africa, the PRC also realised the role of the Office of the President in reform. It recommended that four separate entities be established in the Office of the President, namely: a *private office*; *office of the cabinet secretariat*; *office of public management* and *office of the public service commission* (PRC, 1998: 30). Of particular relevance for a reform program is the recommendation that the work of the *office of the cabinet secretariat* must be directed and co-ordinated by the Head of the Public Service. This is a new position proposed by the PRC.

During 1999, the Cabinet Secretary and Head of the Public Service in the United Kingdom, Sir Richard Wilson, identified a number of perceived weaknesses in the role of the United Kingdom Cabinet Office (OECD United Kingdom Country Report: 1999). Of particular relevance for South Africa, is the identification of the ineffective linkage between policy formulation and implementation, which the UK Cabinet Office experienced. The cross-departmental issues of policy and service delivery, projection of future opportunities and threats, and reviewing the outcome of government policies and the achievement of government objectives (OECD United Kingdom Country Report: 1999), could also be applied to South Africa. The same issue was also identified in the PRC report as problematic in the Office of the President in South Africa. The PRC report contains recommendations that an Office of the Cabinet Secretariat (OCS) be established to co-ordinate interdepartmental activities and among spheres of government (PRC, 1998: 28-34).



Based on the advice of Sir Richard Wilson, Prime Minister Tony Blair announced a number of reforms in July 1998, *inter alia*:

*the public service*

- merging of the Office of Public Service with the rest of the Cabinet Office, which would ensure that concerns about policy implementation are properly analysed in the process of developing policy, and help contribute to more effective follow-through when policies are adopted;
- setting up of a new Performance and Innovation Unit in the Cabinet Office, to complement the Treasury's role in monitoring departmental programmes, focus on selected issues crossing departmental boundaries and propose policy innovations to improve the attainment of government objectives;
- providing the Performance and Innovation Unit in the Cabinet Office with power to select aspects of government policy that require review, in order to effect improved co-ordination and practical delivery of policy and services involving more than one public sector body;
- establishing a new Centre for Management and Policy Studies in the Cabinet Office, incorporating a reshaped Civil Service College. The new Centre will provide an entry point at the heart of Government for the "best new thinking" on current issues and new approaches to management. It will commission research into innovation in strategy and delivery and will act as a repository for best practice in the public sector and elsewhere and be the focus for training the senior public servants of the future;

To involve departments in the work of the Cabinet Office as the corporate headquarters of the public service, the Secretary of the Cabinet established a team, including a number of permanent secretaries, to act as a Management Board for the Civil Service. From this action it can be deduced that proposals or initiatives to improve service delivery throughout the public service will be considered from various departments, and not only one ministry.

From the reorganisation of the Cabinet Office in the United Kingdom, it is obvious that it has been structured to become the effective corporate headquarters of the public service. It will ensure coherence in all aspects of policy and implementation. From the experience in the United Kingdom, it is apparent that the success of their reform program contains key elements to achieve successful change. The lessons, which South Africa could learn from the British experience, on which they established model guidelines for managing the reform process, are:

- clear support from the highest political level;
- singular reform initiatives (such as the British Citizens' Charter) which can be adapted to fit different circumstances, rather than a rigid model;
- swift implementation to allow the reform program to achieve critical mass and momentum and a review of progress, (such as the review of agency framework documents in the *Next Steps* program);
- a competent high level staff complement and project manager providing sustained, working level pressure for change, and
- continuity in their reform program and adding value, based on previous initiatives.

From the Canadian and United Kingdom reform processes, conclusions could be drawn which relate to the role of public officials in the reform process in South Africa. Although it could be concluded that politicians provide political direction and public managers implement reforms, public managers are not expected to play a subservient role, but could take initiatives to add value to the political direction. In the United Kingdom a competent high-level staff complement and project managers provide sustained, working level pressure for change. In Canada, senior managers play a participative role in the reform process. No one particular model is superior to the other. The model to be applied in South Africa would depend on the political role-players in reform.

#### 4. STRATEGY

The OECD strategies on reform (OECD Country Papers, 1999) indicate that each country follows a strategy to deal with its particular problems. Since the early 1980's most countries adopted reform strategies to develop models of *entrepreneurial governance* which are replacing the *welfare* assumptions about the state. The essence of the entrepreneurial model (Osborne and Gaebler,1992) signifies a move towards privatisation, downsizing government, the development of internal markets, adhering the customer needs and a transformed bureaucratic culture. This entrepreneurial shift, has been labelled the *New Public Management* (NPM) (OECD,1995) (PRC,1998 (b)). The number of NPM reform interventions are wide ranging, and to narrow down the various options, Schick (1999:9-15) identified four mainstream NPM reform strategies. The framework of Schick will be used to construe a guideline, which South Africa could utilise to comprehend the range of NPM reform interventions and their implications for reform.

The first strategy is *market driven* reform, the second is *managerial*, the third is *program review* and the fourth is *incremental*. All countries, which have embarked upon voluntary reforms, implemented one or more of these strategic categories. In every country, however, one strategy usually has pre-eminence. The four strategies have some common elements. All strive towards efficiency and responsiveness; to strengthen accountability for results and resources; and encourage greater variety and flexibility in the provision of services.

The possible application of each strategy raises particular questions, which have to be addressed in assessing the prospects for success. South Africa cannot, for instance, embark on a market strategy, if it has not ascertained whether true conditions for competition in internal and external markets have been established. If conditions are not conducive for particular reform strategies, reforms that show promise at the launch thereof may quickly become a costly experiment. Appropriate strategies could start the reforms on a positive note and ensure that the selected course is maintained.



#### 4.1 Market driven reform strategy

A market strategy divests particular tasks or activities; it favours the most efficient (or least expensive) supplier, even if the outcome is a smaller or weakened public service. Market-driven reforms rely on competition, prices, and contracts. The market strategy draws a sharp distinction between the state as policy-maker and the state as service provider. It provides for hiving off the delivery of services to non-governmental entities or to operationally-independent agencies (United Kingdom, 1994) (United Kingdom, 1995).

New Zealand and the United Kingdom are examples of countries, which have created external markets. Such markets are created when government operations are privatised or contracted out, or when citizens are given the option of selecting their providers. The primary motivation for external markets is the inefficiency of the operations of large departments, which are hierarchical with cumbersome decision-making processes, policies and regulations. Command and control systems require uniformity and enforced compliance. To enhance efficiency, departments are reorganised into semi-autonomous business units, which could outsource the delivery of selected services. (Duncan and Bollard, 1992) (Walker,1996).

In New Zealand, (OECD, New Zealand Country Report, 1999) ministers have purchase agreements to contract for services at agreed prices from departments, and contracts to purchase services from other government entities. It has performance agreements for heads of departments and fixed-term contracts for senior and middle managers. The internal market strategy provides for:

- ministers to have a free choice to purchase services from departmental or other sources;
- outputs to be produced are specified in advance; and
- compliance monitoring through reports and audits.

It could be argued that in countries, which have created internal markets among departments, are departing from freemarket principles, if inter-departmental transactions with one another are not subjected to competitive pricing processes. To make the inter-departmental transactions and agreements fair, and promote competition, the required services must be advertised to invite tenders. It appears as if relationships within governmental units in New Zealand do not reflect private sector market prices, based on open competition. The gains from competition may be illusory rather than real. The internal markets are substitutes for genuine markets. Real markets specify the unit cost of outputs, not just total costs and allow redress if the contract has been breached (Mellon, 1993).

In the United Kingdom, a program, *Competing for Quality*, based on a program launched by the White Paper *Competing for Quality - Buying Better Public Services* (United Kingdom 1991) introduced more competition and service provision choices into government services. The program enhanced competition with the private sector and encouraged forms of public/private partnerships. *Competing for Quality* covers a wide range of efficiency techniques, including benchmarking and restructuring, but most attention was focussed on market testing/contracting out. Under the program, four 'prior options' questions are asked of a government activity:

- whether it needs to be done at all (if not, abolish it);
- whether the government has to maintain responsibility for it (if not, privatise it);
- if the government needs to maintain responsibility for it, would the activity be managed more cost effectively by the private or public sector (if so, put the activity out to private sector competition - statutory contracting out - or invite existing employees to compete with the private sector - market testing), and
- if the work has to be carried out within government, is the organisation properly structured and focused on the task ?

By September 1994 over £2bn of activities were reviewed under the program, which produced annual cost savings of £400m (average savings of 20%) with a

reduction of 27 000 in public service posts (United Kingdom,1995). From the savings, which the program has produced in the United Kingdom, it could be considered as a reform strategy for South Africa. The key issue to consider before market testing and contracting out are decided upon as a reform strategy, is: is there a private sector service provider for market testing or contracting out? Research will however, have to be conducted in most provinces to determine if private sector markets exist.

To provide consumers with service competition and choice require firstly a relationship between customers and suppliers, and secondly a relationship between government organs of state which purchase and others which provide services. South Africa will have to determine to what extent ministries could rather purchase services from private sector providers than from government entities? Will ministries cancel contracts if they are dissatisfied with quality and will they scan the market for cheaper prices? What will the transaction costs be to maintain an extensive network of contracts?

External markets require that adequate information must be available to consumers to inform them about choices, both to the affluent and the poor. In South Africa the transaction costs to empower the public could be a factor that contributes towards the price of public goods and services.

#### **4.2 Managerial reform strategy**

A managerial strategy strengthens the public service by awarding the public servants more power and discretion to manage operations. Managerial reform focuses on the professionalism, skill, and public service ethics. The managerial model allows public managers more choices to provide public services, and to be more responsive to the wants of recipients. The model requires less legislation and regulations to prescribe how services are to be rendered. It departs from the assumption that control mechanisms could be counter productive, because control mechanisms motivate managers to care more about inputs than outputs, more about procedures than results, more about complying with the rules than on



improving performance (Considine,1988:5-17) (Paterson,1988:287-393) (Considine 1990).

The fullest expression of managerial autonomy is to compile negotiated budgets, with discretion to managers to use the resources as they deem appropriate. In this arrangement, managers have a fixed budget for operations costs, but they have authority to decide how much to spend on recurrent expenditure such as salaries, travel, and other expenses. They may still be required to comply with some residual rules concerning, for example, fair employment practices and competitive tendering regarding contracts. But most operating decisions are left to the discretion of managers. They no longer need advance approval from central controllers (Schick, 1999).

Countries such as the United Kingdom, Germany, Finland, Ireland, and the Netherlands follow a managerial strategy for their administrative reform. In the United Kingdom, the Next Steps agencies and in Canada, the Special Operating Agencies pursue their goals and objectives through performance contracts between chief executive officers and government departments (Consulting and Audit Canada, 1993). These arrangements amount to devolving managerial discretion to the operating levels, which provide direct services to the public.

In most countries performance of managers are described in *ex ante* specification of performance targets, objectives, goals and outcomes. Measures to specify performance, such as performance contracts are introduced in countries such as the United Kingdom and Canada, where chief executive officers of government agencies enter into contracts with government departments (Finer, 1991) (Armstrong, 1991).

It could be argued that if the autonomy and discretion, granted to managers in terms of the managerial reform strategy, cannot produce services more efficiently and effectively, the strategy would serve no purpose. It is therefore, apparent that the success of the management strategy hinges on the specification of targets, reporting on results, and auditing of performance. *Ex post* review of actual performance must be carried out to determine if government agencies and the

chief executive officers were successful in fulfilling their mandate. South Africa has no history of heads of government departments receiving targets from ministers. It would therefore be prudent to first have a number of pilot projects to determine the discretionary scope, and the resources, which the head of a department would require before such an initiative is considered.

In the United Kingdom, *benchmarking* is used to measure the performance of government institutions (Cowper and Samuels,1998:1). Benchmarking is an efficiency instrument based on the principle of measuring performance of one organisation against a standard, whether absolute or relative to other organisations. It can be used to:

- assess the performance of an institution objectively;
- expose areas where performance is needed;
- compare processes with other organisations, to adopt best practices; and
- test whether improvement programs have been successful.

In the OECD (1998 (b)) the results of government agencies and chief executives are measured through a number of instruments. In New Zealand, results are measured in terms of governmental objectives, which are broken down into key result areas such as agency-specific outputs, which form the basis of chief executive performance agreements. There is however, no single one best model to determine contractual performance (Trosa,1998). The model a particular government chooses depends on:

- the goals and objectives of reform;
- the difference between the mission of an agency and its corporate identity;
- organisation culture, and the
- legal contractual framework.

It can therefore be argued that the managerial strategy relies on the assumption that public servants are committed to the public's interest rather than their own, but because of human nature, there have to be safeguards to guard against self-interest, opportunistic behaviour and favouritism. Hence the necessity to negotiate performance and to bind parties contractually. It is further argued that

the necessity for performance agreements do not call the managerial strategy into question, but indicates the need for and assessment of accomplishments in terms of the reform strategy. A managerial reform strategy for South Africa necessitates that the actual behaviour and effectiveness of managers be monitored through audits and accountability mechanisms. The issue that South Africa has to address satisfactorily before the managerial reform strategy is embarked upon, is an adequate accountability mechanism for managers. The trend in industrialised countries is to make use of performance contracts and benchmarking techniques to determine the effectiveness and efficiency attained by chief executive officers and institutions.

#### **4.3 Program review reform strategy**

Program review requires that techniques such as policy analysis and evaluation of programs be conducted to determine the necessity, value and impact of government programs. Politicians reprioritise, redesign and reallocate resources to existing government programs, based on political considerations to improve socio-economic conditions. Program strategy optimises socio-economic outcomes by shifting resources from lower to higher priority programs. Program strategy is applied in states which have a need to produce desired social outcomes within severe resource constraints (Schick, 1999).

Studies in the OECD countries indicate that countries striving to enhance public performance in the light of political demands and resource constraints, may turn to market reforms, public management and also review program commitments (OECD, 1999). The rationale of the program review strategy is that the most urgent task in reforming the modern state is to ensure that public resources are effectively allocated to achieve the fundamental objectives of government. While market reforms and managerial strategies apply mostly to the *operational* work of government, the program review strategy requires government to accord a higher priority to define *governmental goals and objectives and design policy* to attain such goals and objectives. (Schick, 1999). Few countries apply both approaches.



The reform program of the United Kingdom initially focused on service delivery and operational efficiency. A decade after launching the Next Steps initiative in 1988, the United Kingdom undertook a series of fundamental reviews to determine program effectiveness and outcomes (OECD, United Kingdom Country Report, 1999).

Canada is one of the few countries that follows an eclectic approach, combining *inter alia*, program review with a wide range of management initiatives affecting service delivery, citizen participation, deregulation of the public service, and financial management. Program review has been the main focus of the Canadian reforms. It was launched in 1994, at a time when the country faced financial and budgetary pressures. The Canadian program review addressed not only pragmatic questions of program design and delivery, but fundamental questions regarding the role of the Federal Government. Although program review has not formally covered other levels of government, these have been separately reviewed in a parallel exercise (Paquin, 1994) (Smith 1997) (OECD, Canada Country Report, 1999) .

Prior to undertaking a comprehensive reform, the Canadian Federal Government restructured some key institutions in June of 1993. This created coherence and provided a basis for public sector reform. During 1994-95 and 1995-96, the government conducted two formal rounds of program review. Firstly a comprehensive review of departmental programs and afterwards policy reviews and reforms that have either provided input or built upon the formal program review process. The program review in 1994-95 identified reform actions up to 1997-98. Program review in 1995-96 identified actions to be implemented up to 1998-99. To give effect to their program review action plans, ministers were therefore provided with considerable lead-time to design and implement changes. The implementation was, however, integrated into decision-making processes involving Cabinet. Temporary processes set up to run program reviews were disbanded after the 1996 budget.

The reform arising from program review was the cornerstone of Canada's fiscal consolidation exercise. All portfolio ministers were asked to review programs in

their respective areas including *review and assessment* of programs, *development of plans* for achieving savings, *consultation* with clients and stakeholders and *implementation* of decisions.

Canada has the following six program review tests to guide program review assessments and plans (OECD. Canada Country Report, 1999):

- Public interest: does the program or area of activity serve the public interest?
- Role of government: is there a legitimate and necessary role for the public sector in this area?
- Federalism: is the current role of the *federal* government appropriate in this area?
- Partnership: what activities or programs should or could be provided, in whole or in part, by the private (or voluntary) sector?
- Efficiency and effectiveness: if this program or activity continues, how could it be improved?
- Affordability: is the resultant package of activities or programs affordable within the fiscal parameters of the government?

Four years after the Canadian Federal government embarked upon program review, the government reported that it had balanced the budget (Smith 1997). The Canadian government institutionalised the review process, by linking it to expenditure decisions. The expenditure management system feeds the results of reviews into budget actions. The government has built strong reallocation requirements into the new system and with a few exceptions, e.g. program initiatives have to be funded through existing program savings (Schick, 1999) (OECD, Canada,1999).

The Canadian experience indicates that it takes time for fundamental program review to show results. It could thus be argued that if South Africa considers a program review as a strategy it must allow adequate time for ministers to gather information on the nature and content of programs. It could be expected that due to entrenched interests it could raise conflict. Before program review is

institutionalised, it will be difficult to integrate in-depth reviews with the ongoing routines and procedures of budgeting. From the Canadian experience it could be further deduced that a program review reform strategy would require a commitment from the South African government to consider past programs and abolish ineffective and low priority programs. To make program review effective, reallocations have to be made within fixed budgets. To make allocations would presuppose that government has established its role and functions, vis-à-vis the private sector and civil society, or public enterprises.

Only when the present political leadership is willing to do an in-depth evaluation of its existing programs will the program strategy have a lasting effect on the optimal utilisation of resources. The fundamental issue which South Africa has to consider in a program review strategy, is whether government has the political will and strength to redesign its programs and allocate resources which would be in line with realigned government objectives and programs. It is an exercise, which could run over several budget cycles, such as in the case of Canada, but could yield resources for high priority programs.

#### **4.4 Incremental deregulation**

Incremental deregulation relies on ongoing review of government legislation and the regulatory environment and practices to streamline management and remove wasteful controls. An incremental strategy looks for opportunities to deregulate and ease management rules. The incremental model would lead to a system of government, which is less burdened by controls and regulatory requirements (Schick, 1999).

German reform complies with the incremental strategy. The country has adopted a series of measures aiming to streamline the state activities and reduce costs. The aim of the reform program is to increase the effectiveness and economic viability of the federal resources. The reform program is focused on reducing the size of the federal government by identifying tasks, which can be transferred to subordinate authorities or the private sector, or abolished altogether. German reform interventions also include privatisation and deregulation, requirements



that proposes legislation that indicates projected costs, reductions in the number of federal ministries and in other federal entities. Some interventions introduce management instruments to measure program costs and performance (OECD, German Country Report, 1999).

Comprehensive reform in Germany was attempted in the 1970s, but many of the proposals made at the time were not implemented. The current modernisation program, by contrast, emphasises constant improvement. It is assumed that many small steps will be a quicker and smoother way of achieving reform than a large-scale reform package. Towards the end of 1999, the reform process consisted of 800 individual projects, with the number rising continuously (there were 600 individual measures in 1997). The Federal Government established the Lean State Advisory Council in September 1995. The Council has, for example, insisted on a review of the Federal Government to improve the legal framework, reduce costs and increase the creativity of service providers. It is now incumbent on the Steering Committee on Administrative Organisation to implement the resolutions made by the Advisory Council. All ministries must implement binding measures. Some measures are voluntary. The modernisation measures are through short-term measures (within 1 year) medium-term measures (within 4 years) and long-term measures (more than 4 years) (OECD, Germany Country Report, 1999).

Unlike Germany, which is Federal State, South Africa could direct its reform program from the Office of the President. It is therefore, possible to initiate reform interventions in selected national departments and provinces and to learn from experience before reform interventions to other departments and provinces are extended.

The overriding question for South Africa in considering an incremental approach is whether government can sustain interest and support for reform over an extended period. Of equal importance would be the consideration whether the lack of reform in the past has not reached the point where the country can afford the luxury to make frequent adjustments in rules and operations to improve

management. Although the obvious advantage of this approach is that particular reform interventions can be adopted when the opportunity presents itself and that the reform interventions can be fine-tuned as circumstances and opportunities change, the current circumstances demand a more robust strategy. In some areas of public management such as financial management, the situation in some provinces, such as the Eastern Cape and Mpumalanga, have reached unacceptable proportions, which could require other reform strategies, such as the market strategy, which could be more beneficial.

## 5. IMPLEMENTING STRATEGIES: GENERAL GUIDELINES

No strategy is self-implementing. The South African government has to consider who should carry out the reform, and when. It should also take steps to build support for, and interest in the reform program. These and related tactical considerations could determine reform progress. Caiden identifies a few practices which must be avoided (Caiden, 1999: 822-823):

- starting the process inadequately prepared, without knowledge of the reform requirements and without being accepted by the reform target group, despite courtesies and co-operation on the surface;
- copying reform without tailoring them to local conditions;
- incorrectly diagnosing the situation and designing the wrong interventions;
- hidden intentions and using reform as a front for the real agenda;
- being indecisive;
- inadequate planning and missing opportunities;
- concentrating on unduly restrictive techniques and ignoring available alternatives;
- investing too few resources in the reform process;
- neglecting to monitor performance;
- ignoring feedback and evaluation, and
- displacing goals during the reform process.

## 6. CONCLUSION

From the experience in countries, which have reformed their public services, it becomes evident that political leadership and an appropriate reform strategy are essential to initiate and sustain the process and also to attain results. If the President of South Africa does not personally lead the reform process, he should at least be involved in the process to ensure political support. His constitutional role as head of state and the requirement to co-ordinate the functions of state departments makes his involvement a *sine qua non*. His constitutional role and political authority is essential for co-ordination and coherence of a reform program within the national and provincial spheres of government. As head of government, only the President can effectively deal with opposition to reform within his own political party and direct the nature and contents of a reform program.

The window of opportunity for reform could begin to narrow as the next election in 2004 draws closer. The President must therefore display the necessary leadership to implement the reform as outlined in the report of the Presidential Review Commission.

Ministers must take responsibility for the implementation of reform in their departments. Co-ordination of reform interventions will be possible through cabinet meetings, and parliamentary debates. The parliamentary Portfolio Committee on the Public Service is well placed to monitor the reform program. *Ad hoc* parliamentary reform committees could focus on specialist issues, but a further advantage of such committees would be the engagement of politicians from opposition parties in the reform process. Opposition parties, which cooperate, will add value to influence the public sector reform, and review reform outcomes. Discussions in Parliament, and the attention which the media could give to the reform process, could engage parliamentarians in the reform debate, thus making it public and adding to the public scrutiny of the changes through the news media. It would also inform citizens and in general those affected by reform programs before decisions are officially communicated. Parliamentary interest



will contribute towards the perception of opposition parties that the process is transparent. The possibility will therefore be enhanced that the reform will be carried on, should the governing party be defeated during a next general election.

The President should appoint senior managers and a reform program manager in his office to direct and oversee the implementation of reform interventions. For this purpose the Office of the President need to be strengthened to ensure that reform interventions are implemented throughout national departments and provinces. The Office of the President should direct the program politically and ensure that its implementation is managed and co-ordinated. It must review the outcomes of reform policies and the achievement of government objectives. The leading role, which the Office of the President must play in reform, would ensure clear support from the highest political level. His Office has the authority to ensure that singular reform initiatives are implemented within the three spheres of government and that they be adapted to fit different circumstances. The leadership of the President to direct a reform program, can ensure swift implementation, to allow the reform program to achieve critical mass and momentum and a review of progress.

South Africa must align its reform strategy to deal with its particular problems. Since the early 1980's most countries adopted reform strategies to develop models of *entrepreneurial governance* which is replacing the *welfare* functions of the state. It signifies a move towards privatisation, downsizing government, the development of internal markets, adhering to customer needs and a transformed public service culture. The entrepreneurial reform tendency incorporates strategies, which include NPM principles. The four dominant reform strategies are *market driven* reform, *managerial* reform, *program review* reform and *incremental* reform.

A market strategy would lead the South African government to divest particular tasks or activities; it will lead to less expensive services, even if the public service is reduced in size. Market-driven reform will introduce notions of competition, prices, and contracts. Before South Africa considers a market strategy it would

have to conduct research to determine what the transaction cost is to maintaining an extensive network of contracts and if the private sector could effectively provide the government services to be contracted out.

A managerial strategy would strengthen the public service by assigning the public servants more authority and discretion to manage operations. The strategy will lead to less legislation and regulations to prescribe how services are to be rendered. The managerial discretion, which is afforded to managers, will however require that the behaviour and effectiveness of managers be monitored through audits and accountability mechanisms. South Africa, therefore, has to ensure that adequate accountability mechanisms for managers exist before the strategy is embarked upon. Performance contracts and benchmarking techniques, which are used in industrialised countries to determine how chief executive officers and institutions perform, will have to be considered with a view to be introduced in the public service.

A program strategy will optimise socio-economic outcomes, by shifting resources from lower to higher priority programs. It would require that techniques such as policy analysis and value for money evaluations are introduced to determine which government programs are relevant and comply with priorities. The strategy will require South African politicians to attain reprioritised socio-economic outcomes within current resource constraints. It would require a commitment from politicians to prioritise government objectives and for both politicians and officials to analyse policies and programs and reallocate them within the current budgetary constraints. In terms of the program review strategy, existing programs could be abolished and new ones could be introduced. Alternatively current programs could be redesigned, and resources reallocated in terms of their new priority.

Incremental deregulation relies on ongoing review of government legislation and the regulatory environment and practices to streamline management and remove ineffective controls. If South Africa embarks on an incremental strategy, it will capitalise on opportunities to deregulate and ease management rules. An incremental strategy is a long-term-process, which will not suit the current reform

demands in South Africa, because interventions are needed to deal with a situation that has already reached crisis proportions in financial management in some provinces. A comprehensive reform program, will have to be directed from the national sphere would be more suited to the South African situation.

The choice of a particular reform strategy, or interventions peculiar to one or more of the strategies which have been described, will depend on the particular issue to be addressed. The diversity of problems as pointed out by the PRC report, lack of public service reform in South Africa in the past due to a focus on political reforms, and the problems related to financial management in the provinces will, require an eclectic approach. A simplistic strategy to solve the performance-related issues in the public sector with one particular intervention cannot be applied throughout the national and provincial spheres of government. The comprehensiveness of the problems in the public sector in South Africa mitigates against an incremental strategy. An eclectic approach will combine the need for a program review to reprioritise and reallocate resources for the government's programs with market and managerial interventions. Market and managerial interventions could be applied in the public sector where the private sector could support such interventions and audit capacity exists in government departments to hold managers accountable.



## CHAPTER 8

### SUMMARY AND CONCLUSION

The objective of this study is to propose a definition for administrative reform and to identify essential modalities, which could guide South African reform programs. It was therefore necessary to conduct a literature study of reform to propose a definition and conclude which reform approaches in industrialised countries could serve as guidelines for a reform program in South Africa. The reform, which the government has indicated through the *White Paper on the Transformation of the Public Service* (South Africa, 1995) has not been realised by March 2000. The thesis postulates that South Africa could embark on a successful reform program if it is willing to extract lessons of reform by studying the experiences of other countries. This thesis provides such a study and proposes a definition and approaches to reform, which could serve as guidelines for a reform program for South Africa.

Chapter one of the thesis provided the problem statement, research hypothesis and also described and explained the research methodology and key concepts to be used in the context of this thesis. The first chapter put forward the hypothesis of this study, that effective administrative reform in South Africa requires that the reform program be directed by the President and that interventions which are designed, take cognisance of experiences of international reform practices in industrialised countries.

Chapter two described the South African context wherein administrative reform concepts were introduced and proposed a definition. The reform context was described in terms of the *White Paper on the Transformation of the Public Service* (South Africa, 1995) and the report of the Presidential Review Commission. The White Paper provided policy guidelines for the process of

transformation, rationalisation and reform. The transformation of the public service included the rationalisation of the public service, short-term interventions and longer-term reform interventions.

The chapter concluded that the motivation for the reform in the South African public service emanated from its political past. Due to racial political policies, the government evolved into a White public service, a Coloured public service, an Indian public service and separate public services for four independent Black states and six self-governing Black territories. Reform programs since 1910, were of a limited political nature. Three constitutions, namely in 1909, 1961 and 1983 contributed towards creating the basis of a segregated public services within 73 years. The racial segregation policy caused a duplication of structures and, despite the rationalisation of the public service from 1994-1996, the Presidential Review Commission (PRC) concluded that that the departments appear strong on policy, but weak on delivery. The PRC found that the system of governance in the Republic of South Africa is in a number of crucial respects not working well. It reported that deficiencies and shortcomings in the public service and the machinery of government were serious, and require a number of deep-rooted interventions. Particular recommendations were recommended to the President.

The chapter also proposed a definition of reform. The definition consists of modalities, which are inclusive of a motive, an institution, a reform process dimension and the issue of human behaviour. The chapter concluded that an accurate definition of reform will serve South African reformers to understand the nature and scope of public sector reform and improve faults or imperfections in the operational systems of the public service.

Chapter three provided a survey of reform tendencies in industrialised countries and contrasted such reform with Sub-Saharan African countries. Voluntary reform programs in industrialised countries were explained and described and juxtaposed against induced reform in Sub-Saharan Africa. It was argued that South Africa differs from the rest of the Sub-Saharan African countries, due to its level of economic development. The South African economy is performing

have to rely on the institutions such as the World Bank and European Union to assist them with financial aid. Most financial assistance by external agencies include structural adjustment programs, of which administrative reform made out an element.

It was concluded that South Africa has a transitional economy and took the first initiatives towards voluntary reforms, as was indicated through the *White Paper on the Transformation of the Public Service* (South Africa, 1995) and the Report of the Presidential Review Commission (South Africa, 1998). The initiatives for reform have emerged from within South Africa during 1995. However, the political party, which initiated the process, must take the responsibility to ensure that the reform process is scheduled and carried through.

It was further concluded that South Africa would consider the best practices of reform programs in industrialised countries and implement modern reform interventions. The Government of South Africa has also proved that it is favouring modern constitutional and reform notions, which have been adopted by industrialised countries. It could therefore pursue the most effective reform practices of industrialised countries, but should ensure that such practices are adapted to suit the South African political, economic, physical and social conditions.

Chapter four described and explained motivations for reform and what institutional arrangements are made to guide and monitor reforms. It was argued that the nature and contents of voluntary reform and reform interventions, which are externally induced by agencies, such as the World Bank and the International Monetary Fund, differed. It was indicated that politicians in opposition parties are the prime motivators of voluntary reforms. Politicians are sensitive to their socio-political environment, from which they received their mandate to govern or to represent a particular viewpoint as a non-governing political party.

It was indicated that the motivation for reform differs in countries according to the domestic situation. Most reform programs in the principal reform countries were motivated by a depressed economic situation, and some interventions were



were motivated by a depressed economic situation, and some interventions were directed to improve the efficiency of the machinery of government. It was concluded that in South Africa, the motivation for reform is related to the fact that in the past reform programs were of a constitutional nature and that the rationalisation of the public Service since 1994 did not have the desired effect to ensure an efficient and effective public service. The Presidential Review Commission has confirmed this situation

The choice of the institutional configuration to guide and monitor the reform takes on different forms in different countries. In essence, countries adopt two forms of organisational arrangements to steer and monitor reform. The committee model stands in contrast to the Prime Minister led model. The PRC resembled a committee of officials, but there is no indication what role the President is going to play in a future South African reform program. President Mbeki, who succeeded President Mandela, (who commissioned the PRC), has not responded to the PRC report by February 2000, two years after the report was submitted. It was concluded that the government is however, committed to reform as has been evidenced by the *White Paper of the Transformation of the Public Service* (South Africa, 1995), and it could therefore be expected that administrative reform would be forthcoming.

Chapter five described and explained firstly the process dimension of administrative reform and secondly the role of human nature and attitudinal changes. It was argued that reform is a time consuming process. It was concluded that reform in the principal reform countries was incremental, did not rely on pre-determined interventions and was conducted over more than one election period. It comprised several interventions during a long-term reform process. The changes which had been implemented, served as the foundation to plan and implement further initiatives. Reform interventions are introduced through a variety of instruments, such as white papers, legislation and circulars, which depends to a large extent on the culture and style of management, which is prevalent in a country, or the personal choice of the head of government.

The second half of the chapter indicated that comprehensive reform in the principal reform countries created organisational structures, which were conducive to change the behaviour and attitudes of managers and staff. Where countries followed a market type reform strategy, government agencies were established. These agencies are managed like private sector institutions and managers were granted performance contracts which requires business plans and performance targets without being inhibited by government orders and rules, which prescribed management behaviour or initiatives. After having studied the experiences of the principal reform countries and countries such as Malaysia and Singapore, it was concluded that there is no one single set of best practices to positively influence the behaviour and attitude of employees towards efficiency and effectiveness in the public sector. Although the models followed by the principal reform countries and Malaysia and Singapore differed, both have increased efficiency and productivity. It was concluded that South Africa should not transplant any of the two models, without adapting them to local circumstances. South Africa has a culture, public service systems and human resources, which differ from the countries where the models were developed. Although South Africa must consider the approaches employed by other countries, they cannot be duplicated without adaptations.

Chapter six described and explained the nature and contents of administrative reform in the past two decades in the Commonwealth and OECD countries. Since the United Kingdom started with reform measures in 1979, many countries which initiated reform programs, incorporated some of the principles which were developed by the British. Most reform outcomes resulted in transformed governments with a smaller stake in the economy, a downsized welfare state, decentralised, reduced bureaucracies and smaller central government administrations, with public managers having more management autonomy and becoming more output conscious and goal orientated. These reform initiatives became known as new public management (NPM).

The new public management and administration reform programs departed from the traditional public administration where the focus was on policy-making and implementation. New public management effected a paradigm shift, which

redefined the role of government in relation to the nature and scope of its services and its role in the economy. It firstly has an unambiguous focus on results in terms of efficiency, effectiveness, and quality of service, and secondly, the replacement of highly centralised hierarchical structures with decentralised management agencies.

The arguments in this chapter indicated that the two most frequently used NPM-type voluntary reform outcomes were market strategies, such as privatisation and the creation of market type mechanisms to improve service delivery, and managerial autonomy. It was found that no basis existed to argue that South Africa's political views on issues of privatisation is different from countries in the rest of the world, which have embraced NPM-type reforms. It was indicated through the reports of the Auditor-General that financial management and control are not efficient effective in within the national and provincial spheres of government. These management functions could effectively be improved through privatisation and contracting out, provided that such capacity exist in the provinces such as the Eastern Cape where the extent of the problem exceeds that of other provinces.

It was concluded that the NPM-style reform indicated a shift in the role and functions of government, which stand in contrast to the traditional concepts of public administration, based on the Weberian bureaucracy and responsible administration. Since the early 1980, the so-called "entrepreneurial and managerial reforms" or "new public management" became an international phenomenon. South Africa must study the effects of NPM and reconsider some of its current management practices in order to become internationally economically competitive. NPM is replacing traditional concepts of public administration, which could serve the country well as reform alternatives to improve the current state of public administration and management.

Chapter seven examined reform approaches and strategies in the OECD countries to determine what could be applicable in South Africa. The two most salient reform practices, from which South Africa could draw guidelines for its reform program, are firstly political leadership and secondly, reform strategies.



It was concluded that if the President of South Africa does not personally lead the reform process, he must at least be involved in the process to ensure political support. His constitutional role as head of state and the requirement to co-ordinate the functions of state departments makes his involvement a *sine qua non*.

It was further concluded that political leaders must be vigilant to seize reform opportunities. The conclusion was drawn that the President must display leadership to realise the reform opportunity, which the Presidential Review Commission created. An opportunity exists to make public the need for reform and add value to the reform notions as outlined in the report of the Presidential Review Commission. The opportunity, which has presented itself in the PRC report would disappear as the contents of the report becomes outdated and the political issues, which have to be contested at the next election, begin to take precedence in the programs of ministers.

It was concluded that the reform program must be directed and managed from the Office of the President. An official must be assigned the responsibility for the process and the reform outcomes. Ministers must take responsibility for the implementation of reform in their departments. Co-ordination of reform interventions will be possible through cabinet meetings and parliamentary debates. The parliamentary Portfolio Committee on the Public Service and Administration is well placed to monitor the reform program.

From studying reform strategies in the OECD countries, it was concluded that that South Africa must align its reform strategy to deal with its particular problems. Since the early 1980's most countries adopted reform strategies to develop models of *entrepreneurial governance* which is replacing the *welfare* assumptions about the state. The four dominant strategies are:

- market driven reform;
- managerial reform;
- program review reform and
- incremental reform.

To consider which strategy would be applied for the reform needs in South Africa, the demands that the strategies would place on the government was analysed. It was concluded that a *market* strategy would require research into the transaction costs for government, the cost to maintain an extensive contract network and research to determine whether the private sector could effectively provide the government services to be contracted out. The issue that South Africa has to address satisfactorily before a *managerial* strategy is embarked upon, is therefore an adequate accountability mechanism for managers. Performance contracts and benchmarking techniques would have to be introduced to ensure the performance of chief executive officers and decentralised service institutions.

A *program review* strategy for South Africa would require that South African politicians commit themselves to prioritise government objectives, and that politicians and officials analyse current policies and programs and reallocate them within the current budgetary constraints against the socio-economic priorities of the country. The program review strategy would require government to abolish some of the existing programs and introduce new ones, alternatively current programs could be redesigned, and resources reallocated in terms of a new priority. An *incremental reform* strategy for South Africa would embrace a variety of issues such as deregulation, an ongoing review of government legislation, the regulatory environment and practices to streamline management and remove wasteful controls. It was concluded that due to its long-term nature, it will not suit the current reform demands in South Africa, because interventions are needed to resolve issues that have already reached crisis proportions and require fundamental and wide ranging reform throughout the country. A comprehensive reform program, which allows provinces to determine the nature and content of subsequent incremental interventions, will be difficult to direct from a national perspective.

It was concluded that the comprehensiveness of the public administration and management problems in the public sector in South Africa, mitigates against an emphasis on a particular strategy. It was concluded that an eclectic approach would combine the need for a program review to reprioritise and reallocate resources for the government's programs with market and managerial

interventions. Market and managerial interventions could be applied in the public sector where the private sector could support such interventions, and audit capacity exists in government departments to hold managers accountable.

## 1. RECOMMENDATIONS

The *White Paper on the Transformation of the Public Service* (South Africa, 1995) created the environment and provided some policy guidelines for a reform program. It also provided for the appointment of the Presidential Review Commission, which in its report proposed short-term interventions and longer-term reform for the public service. This thesis has however, indicated that South Africa could learn from international experience how to institute and proceed with a reform program to ensure that the reform programs are successful. The recommendations which will be made in this section will be based on arguments and conclusions reached in the chapters of this thesis.

Firstly, it recommended that the Office of the President take responsibility for the South African reform program. The Office of the President must take cognisance of the report of the Presidential Review Commission, and make public its program to make the government departments more efficient and effective. It must:

- appoint a competent reform manager with a few senior staff members to support him/her to ensure that the implementation of the reform program is managed efficiently and effectively and sustained until results are produced in accordance with the planned interventions;
- co-opt the Ministry of the Public Service and Administration and the Department of Finance to manage the reform program, in order to ensure that human resource issues, the budget and financial management are integrated in a long-term reform process;



- involve renowned South African scholars and practitioners to conduct empirical research to verify the viability of reform strategies and interventions.

Secondly, the Office of the President and the reform manager, must through their leadership ensure that ministers participate and support the reform program and only interventions, which could be effectively implemented, be announced.

Thirdly, the reform process must involve the parliament and the legislature to:

- ensure all political parties take cognisance of the process and contribute towards articulating reform needs and to participate in the process;
- scrutinise and review the legality of the process, interventions and results;
- create awareness through debates to be reported in the media;
- require the president account to parliament for the results of the reform program, and
- ensure that the reform process is carried through elections and sustained until results are evident.

Fourthly, the reform strategy must not be a single solution for all departments and provinces, but be sufficiently flexible to deal with a diversity of problems in departments and provinces, as pointed out by the PRC report and with due cognisance of NPM. The strategy must be *eclectic* and provide for:

- *market strategy* principles to divest particular government tasks or activities and introduce competition, pricing of service delivery, decentralised service agencies and contracting out in order to reduce costs, even if the public service is reduced in size;
- *managerial strategy* principles to grant public managers more power and discretion to manage operations, and to monitor their performance,

behaviour and effectiveness through audits and accountability mechanisms, and

- *program strategy* principles to optimise socio-economic outcomes by shifting resources from lower to higher priority programs through techniques such as policy analysis and value for money evaluations within current financial resource constraints.

In conclusion, it can be stated that the hypothesis is true. The President of South Africa does not play a leading role to direct initiatives related to the overall efficiency and effectiveness of the public service. South Africa must therefore observe the lessons of experience from industrialised countries, which have conducted reform programs, in order to successfully launch and implement administrative reform for South Africa. The president has an obligation as head of government and the public service to initiate and direct administrative reform.

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## 5. INTERVIEWS

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## 7. LEGISLATION

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### United Kingdom

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**ANNEXURE A****COMMISSIONERS**

The following were appointed as commissioners by the President

Dr. Vincent T. Maphai (Chairperson)

Prof. Norman Levy (Deputy Chairperson)

Prof. Bax D. Nomvete

Prof. Fanie Cloete

Dr. A. W. Johnson (Canada)

Ms. Motlajie A. Letsebe

Mr. Sam Marotoba

Ms. Ayesha Mohamed

Prof. Aaron M. Ndlovu

Mr. Lot M. Ndlovu

Mr. Lennart Nilsson (Sweden)

Dr. M. Nzuwah (Zimbabwe)

Mr. Gavin H. Pieterse

Dr. Neva Seidman-Makgetla

Sir Kenneth Stowe (Britain)

Mr. Clem Sunter

Mr. Sam Marotoba never took his seat on the commission. In 1997 Prof. Aaron Ndlovu and Ms. Ayesha Mohamed resigned, for personal reasons. Dr. Seidman-Makgetla's membership also terminated, following her appointment to a senior post in the Department of Public Service and Administration. Ms. Motlatjie Letsebe joined the office of the President in January 1998, after the completion of the Commission's report but before the signing.

The most significant change to the membership occurred when the first Chairperson, Professor Nomvete requested the President to relieve him of his duties. The following this development, Dr. Vincent Mamphai was appointed Commission Chair in April 1997. Prof. Levy became Deputy Chairperson.



## STRATEGIC AND TASK TEAM MEMBERS

Prof. Iraj Abedian*	School of Economic, University of Cape Town
Ms. Tania Ajam	School of Economics, University of Cape Town
Mr. Conrad Barberton	Consultant
Ms. Nozipho January-Bardill	Consultant
Dr. Alf Carling*	International Expert, Government of Sweden
Ms. Anne Evans	Special Advisor to the South Africa/ Canada programme on governance
Dr. Meshack Khoza	Centre for African Research & Transformation, University of Natal/Durban
Mr. Aubrey Malabie	Consultant
Mr. Andrew Merrifield**	Council for Scientific and Industrial Research
Dr. Benny Mokoba*	Department of Welfare
Mr. Sam Mphuthi	Consultant
Mr. B. R. Naidu*	Human Science Research Council
Mr. Lars Ohlsson	International Expert, Government of Sweden
Ms. Gemma Paine	School of Public and Development Management, University of Witwatersrand
Ms. Rosemary Proctor	Special Advisor to the South Africa/Canada Programme on Governance
Dr. Derrick Swartz*	Institute of Government, University of Fort Hare
Prof. Chris Tapscott*	School of Government, University of the Western Cape
Ms. Glenda White	Consultant

\*Member of the Strategic Team

\*\*Member and Convenor of the Strategic Team

## ADDITIONAL CONTRIBUTORS

### South African Consultants

- Mr. Sam Amod (Consultant)
- Mr. Roger Layton (Consultant)—in co-operation with Mr. Chris Rowse
- Mr. Simon Ratcliffe (Consultant) - in co-operation with: Mr. Patrick Brennan, Ms. Avril Joffe, Ms. Shelley Kestan, Ms. Judith Kippin And Janine Rauch)
- Prof. Nico Steytler (Community Law Centre, University of the Western cape)

### INTERNATIONAL EXPERTS

- Mr. Richard Heeks (Institute for Development Policy and management, University of Manchester)
- Mr. Willy McCourt (Institute for Development Policy and Management, University of Manchester)
- Mr. Martin Minogue (Institute for Development Policy and Management, Universitu of Manchester)
- Mr. David Mundy (Institute for Development Policy and Management, Universitu of Manchester)
- Ms. Deborah J. Williams ( Advisor on Public Sector Mangement and Finance)

### COMMONWEALTH ADVISERS

- Dr. Robert Dodoo (Head of the Civil Service)
- Mr. Gordon Draper (Consultant, Trinidad and Tobago)
- Mr. Peter Harrison, (Associate Deputy Minister, Human Resources, Canada)
- Dr. Mohan Kaul (Director: Training of the Commonwealth Secretariat, India)
- Ms. Caroline Kerry (Consultant, Australia)
- Datuk, Dr. Johari bin Mat (Secretary general Ministry of Education, Malaysia)

- Mr. Alex Matheson (Special Adviser, Commonwealth Secretariat, New Zealand)
- Mrs. Florence Mugasha (Head of Civil Service, Uganda)
- Mr. Joe Tabone (Consultant, Canada)
- Mrs. Philippa Wood (Consultant, New Zealand)