

Improving public sector performance

The experiences of line agencies in Papua New Guinea

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Improving public sector performance has been a concern both within Papua New Guinea and externally, from foreign investors, financial institutions such as the World Bank, Asian Development Bank and the International Monetary Fund (IMF) and also Papua New Guinea's traditional bilateral development partners.

Because of the poor performance of the public sector in promoting economic growth, good governance and the delivery of basic services, organisations such as the World Bank have included this as part of the package under the Structural Adjustment Program (SAP), calling it 'improving public sector performance' within the framework of the Public Sector Reform (PSR).

This paper discusses three key issues—leadership, the capacity of the bureaucracy to deliver the quality of policy analysis and, most important of all, the degree of political commitment to reform. Papua New Guinea's experience with public sector reform under the Structural Adjustment Programs (SAPs) are examined in terms of

- what have been some of the impacts of Public Sector Reforms under the SAPs?

- how has public sector reform supported the decentralisation process and the delivery of services at the provincial, district and local levels under the new Organic Law of Provincial and Local-Level Governments?
- what public sector reform has occurred under the Public Sector Reform Management Unit (PSRMU)? What is the level of commitment to public sector reform?
- what have been some of the impacts of public sector reform in the line agencies under the previous structural adjustment programs in Papua New Guinea?

Public sector reforms under the previous structural adjustment programs have been disruptive in terms of the functioning and operation of government departments and some statutory bodies in that some of these agencies' staff were retrenched but the core functions and activities of those agencies were maintained. For example, line agencies were asked to submit names of staff for voluntary retrenchment without undertaking any functional and expenditure evaluations to determine what functions should remain and what activities should be abolished together with the staff.

Furthermore, in situations where line agencies were asked to undertake organisational restructuring as part of the reform, staff in those organisations felt insecurity and uncertainty, which, coupled with poor or lack of management, further contributed to low productivity. This is still a problem today.

In situations where departments were merged or separated under the public sector reform, some of their key functions were either abolished or absorbed and then given less priority in the new organisations under the mergers.

For example, under the earlier public sector reform, when the previous National Planning Office (NPO) was abolished, the planning function was decentralised to the line agencies and provincial departments without proper planning guidelines and procedures in place or any coordination mechanism at the centre. Most of the staff in the then NPO were retrenched or moved elsewhere without training the new staff under the then Department of Finance and Planning. The budgeting function was given priority over the planning function; and instead of the planning driving the budgets, it was the other way around. After realising that there was weak sectoral planning and coordination in the centre, the government re-

established the Office of National Planning, which later became the Department of National Planning and Monitoring (DNPM). The first thing that the DNPM prepared was the Medium Term Development Strategy 1997–2002, which sets out the sectoral priorities of government. This just shows how public sector reform, if it is not planned and managed, can be very disruptive to key functions of government.

At the Department of Transport and Works, the impact of the continuous mergers and separations under the reform, and organisational restructures and changes in departmental heads at various stages, contributed to the poor performance of the organisation. Coupled with corruption and a lack of resources, this resulted in the poor maintenance of the major roads in the country.

Where functions of organisations were abolished as a result of the reform process, people were retrenched, and this included some very good professional and technical people. So the question is, how can we improve the performance of the public sector if we continue to get rid of good professional and technical staff, including departmental heads, through continuous reform in the public sector? It is just not sensible.

However, having pointed out some of negative impacts of the public sector reform under the previous SAPs, and having worked with one of the Central Agencies, the Department of National Planning and Monitoring, I would also like to share with you the view that public sector reform under the SAP can also have positive outcomes if it is better planned, managed, owned and driven by line agencies.

First, it can teach us to learn to live within our means. By this I mean making do with our limited resources, delivering basic services and not borrowing for unproductive consumption but instead borrowing for productive investments which have high rates of return, for example, constructing social and economic infrastructure.

Second, it can help line agencies to be more focused on their core functions and out-source or abolish non-essential functions, thereby encouraging efficiency and reducing wastage.

Finally, in the longer term, if public sector reform is undertaken with clear goals, objectives and key outcomes, we can reduce wastage and government expenditure in the future and realise savings that can then be re-allocated to essential areas such as health and education or employment and income generation activities for our people.

Public sector reform and the decentralisation process and the delivery of services at the provincial, district and local levels

The experience with public sector reforms undertaken by the government over the years has not supported the decentralisation process under the Organic Law of Provincial and Local-Level Governments. Provincial administrations have and will continue to experience staff shortages in key areas like health, education, agriculture and other sectors. For example, during the National Development Forums that I have attended, the private sector keeps telling the government that no agricultural extension work is being carried out in the provinces because there are no agricultural extension workers. The sector suffers from a lack of funding but successive governments say that agriculture is a priority sector for investment.

No proper analysis has ever been done to determine how the government should reduce the size of the public service taking into consideration the transfer of more responsibilities to districts and local-level governments, including staffing requirements by law under the new Organic Law on Provincial and Local-Level Governments. This is an issue that must be investigated in the context of the public sector reform if we are going to make the decentralisation work in Papua New Guinea so that basic services can flow to the 85 per cent of the population who are living in the rural areas.

Public sector reform under the Public Sector Reform Management Unit (PSRMU)

While there are some problems of public sector reform under the SAP, the government is doing much to improve public sector performance through the public sector reform.

The public sector reform now guided and coordinated through the PSRMU under the leadership of Chief Secretary and Chairman of the Central Agency Coordination Committee (CACC), Mr R. Igara, is more focused and strategic in its approach.

The government, with the support of the CACC and the PSRMU, has developed the Medium-Term Plan (MTP) for implementing the public sector reform. The MTP outlines a comprehensive strategy for reforming the public sector (Box 1).

The PSRMU has started the public sector reform process by undertaking functional and expenditure reviews in the big departments like Treasury, Finance, Health, Defence, Works and Transport, and the DNPM.

Box 1 Strategy for reforming the PNG public sector

- Setting overall goals for the reform
- Describing the objectives which it needs to reach if it is to attain these goals
- Developing strategies for each objectives and determining key outcomes and measures, which will enable it to ascertain the success for the reform program
- It has developed a strategy for ensuring ownership of the reform by politicians, the public service and the public which includes
 - consultation with key stakeholders (for example, functional and expenditure reviews in line agencies)
 - communication strategy to ensure that the public and other stakeholders understand the goals of the program and how they are to be achieved
 - leadership and management strategy to drive the reform
 - assigning responsibilities for the reform to various bodies (address ownership at agency levels)

(Papua New Guinea Government 2000:4)

Commitment to public sector reform

Political and bureaucratic commitment still remains the hurdle for public sector reform. We can not talk about reducing the size of the public service under the public sector reform without reducing the number of ministries and departments and statutory organisations as these are politically sensitive areas and have political implications. And, given the political system that we have in Papua New Guinea with so many political parties in government, political commitment will always prove difficult. But, if there is political and bureaucratic commitment, we can achieve the goals of the public sector reform. An interesting time, with the new government coming into office, is ahead.

Conclusion

The public sector reform under the Structural Adjustment Program will have both positive and negative outcomes, but we have to assess the implications and options critically and be selective and not agree to all external conditions set under any new SAP. We must have ownership over the reform program. We must drive the program and make sure that the public sector reform is undertaken in Papua New Guinea's best interests. Line agencies should focus on their core functions and out-source or abolish any non-essential functions. Papua New Guinea should also be open to other views and perspectives when undertaking the public sector reform.

My views on the way forward

The new government should continue the current public sector reform under the PSRMU and CACC but fast-track the process and commit the resources it requires for implementing the program.

The government should set up a bipartisan committee to ensure that there is political commitment and ownership of the public sector reform.

Legislation should be passed on the number of ministries, departments and statutory bodies needed to deliver on the core functions of the government.

The government should resurrect the Public Service Commission and give it the power to 'hire and fire' departmental heads and ensure that they serve out their term in office. If the departmental heads do not perform, they should be removed without huge pay-outs.

The capacity of those organisations responsible for 'checks and balance' on government, for example the Ombudsman Commission and the Auditor-General's office, should be strengthened.

More dialogue and consultation between the national and provincial administrations should be encouraged on issues of national importance, this should include the private sector and non-governmental organisations.

The government, through the PSRMU, should liaise with the private sector to ensure that training programs are available for those leaving the public service.

The salary levels of positions in the provinces should be increased and salary levels in the centre should be reduced to encourage public servants to go back to the provinces, districts and local-level governments in order to implement the new Organic Law on Provincial and Local Level Government under the spirit of decentralisation.

The government should also build up the infrastructure in the provinces and districts to support the PSR and the transfer of functions and responsibilities under the new Organic Law on Provincial and Local-Level Governments. It should strengthen and monitor the public service disciplinary functions in the public sector and look at strategies for encouraging accountability in the public sector, which is lacking at present.

Reference

Papua New Guinea Government, Department of Prime Minister & National Executive Council, 2000. *A Medium Term Plan for Action for Public Sector reform in Papua New Guinea 2000–2003: a strategy for public sector reform—making the public sector work*, Ministry of Prime Minister and National Executive Council, Port Moresby.