

The Cost of Efficiency and The Impact on the Disabled

Abstract

The paper is a critical reflection on new public management style reforms in the public sector in democratic Australia. The paper will examine the reforms in the public sector, the decline of trust, lack of accountability of the government, and the changes made in the Workplace Relations Act, all of which, contribute to the tension between the quest for efficiency and government control on one hand and the desire for controls on government on the other.

Introduction

The introduction of market -based approach in the past thirteen years has caused the state and federal governments in Australia to embark upon a new process of institutional change. To the public this might have seemed just one further but of shuffling and administrative grand-standing, but in fact the changes are quite distinctive and implications are profound. This recent set of initiatives follows previous restructuring which took place from late 1970s to the mid-1980s.

The earlier set of changes was driven by a model of reform which has been described variously as New Public Management (NPM), corporate management and managerialism. To distinguish from the earlier period, it might be useful to recall that in the former change process the hall mark initiatives were things like program budgeting, corporate planning and financial management improvement. Halligan, Mackintosh and Watson (1996) have argued this was a period in which ministers and governments attempted to establish greater political control over state institutions.

King (1987) mention that the conditions in which the Australian economy faced as result of international competition allowed business to shift the policy agenda from focusing on curtailing expansion towards realizing significant reductions which is the market based approach.

The shift in policy in Australia is from protection to globalization. Bryan and Rafferty (1999) and Catley (1996) mention that not just economic liberals, however, see globalization in an economic determinist way.

The influence of the market in the world has led Australia to economic reforms in the public sector.

Economic Reforms

The economic reform strategies in the 1990s has caused policy makers to turn to economic theories of organizational behaviour and invest their hopes in the creation of a new set changes, which together constitute the *market based approach*.

The market- based approach turns away from the accepted wisdom traditional organization, with its focus on rules and planning, and instead pins its hope for greater productivity in new forms of competition. Services, which are for one reason or another cannot be abolished or privatized are now being subjected to market testing through contracting, tendering and internal competition.

The economic reforms has caused the Public Service to be reformed through legislation. The discussion of the change in The Federal Public Service Act in 1999 to the public sector due to the market will give a structure to further reading.

The Public Service Act 1999 to Public Sector

In 1996, the government decided that much more needed to be done to enable the Public Service to operate efficiently and competitively, and in line with best practice in overseas public services and

in the private sector. This reflected recognition that the Australian Public Service needed to be responsive to significant diversification of the workforce in 1970s and 1980s and to changes occurring in the Australian community.

Following an extensive review and consultation process, a new legislative framework was developed, with ultimate passage in the form of the 1999 Public Service (the PS Act). That Act represented a culmination of the reform measures pursued in the preceding decades.

While retaining the essentials of a career public service, and the focus on merit selection in 1902 and 1922 Acts, the new Act differs significantly in a number of key areas:

- 1) First, it contains a declaration of Australian Public Service values, reflecting public expectations of the relationship between the public service and the government, the Parliament and the Australian community, with specific reference to political impartiality maintenance of the highest standards, accountability for actions, and responsibilities to the government of the day.
- 2) Second, a legally enforceable code of conduct is articulated, setting out the standards of behaviour expected of those working in the public service.
- 3) Third, specific provisions are included affirming the merit principle, prohibiting patronage and favouritism, and affording protection for public interest whistleblowing by Australian Public Service staff.
- 4) Fourth, staffing powers previously assigned to the Public Service Commissioner and delegated to the heads of public service agencies, are fully devolved to them. They are thus afforded all rights, duties and powers of an employer in respect of their Australian Public Service employees, with authority to engage, terminate and determine their employment terms and conditions.
- 5) An Australian Public Service employee is entitled to seek a review of any action affecting their employment.
- 6) An office of Merit Protection Commissioner has been established with independent review and inquiry powers.

The 1999 Act also has brought changes in language such as:

- a) Departments and public (or statutory) authorities are now referred to as 'agencies'.
- b) The heads of public service organizations, once called permanent heads, then departmental secretaries, have become 'agency heads', and this term applies to the various designated of statutory agencies, which have Australian Public Service employees.
- c) Career staff that were commonly described as 'permanent' are now referred to as 'ongoing' staff, and represent the usual basis for engagement.
- d) Employees recruited for shorter periods or specific tasks are called 'non-ongoing' employees

The Australian Public Sector Values and Accountability

The Commissioner's Directions constitute one element of the accountable characteristics of the Public Service Act. The legislation has been framed to provide an inter-locking system of powers and responsibilities, integrated within a departmental management framework. It provides a model of accountability in which the public interest is clearly articulated. A further key element is the requirement for the Commissioner to report annually to Parliament on the 'the state of the Australian Public Service'.

The Australian Public Service Values make specific reference to the broader accountability obligations of the Service. Thus, section 10(1) of the Act states the Australian Public Service is openly accountable for its action, within the framework of ministerial responsibility to the Government, the Parliament and the Australian public.

The Values also underline the requirement for the Service to be responsive to the government –of-the-day in providing frank, honest, comprehensive, accurate and timely advice and in implementing the government's policies.

These provisions recognize that the government and the Ministers determine the public interest in terms of policies and program priorities, and public servants, within the requirements of the legal framework, advise on the and implement their decisions. The public service has particular responsibility for the public interest in upholding the law and ensuring due process.

The Act provides for a Management Advisory Committee, whose functions are to advise the government on significant issues relating to the management of the Service, and to be a forum for considering major management activities with the Australian Public Service which has wide effect.

The changes in the public sector legislation and the public service values give rise to the discussion of the market and accountability in the public sector.

Market Approach and Accountability in Public Sector

Two forms of accountability drive the market-based approach. The first is upward to public contract management who hold immense power over the economic life and death of these firms. The market-based approach creates great incentives for corruption at this level. For example, many public contract managers will see their careers as now involving an expectation of eventual work for a private firm. It is expected that many such managers will find it difficult to resist being captured by these private firms on whom their futures are dependent.

The second form of accountability in the market –based approach flows from the reclassification of the community from citizens and clients to customers. A customer becomes a person who purchases a defined service, or has a service purchased on their behalf. Customers are exclusively economic category. Customers have wants, preferences and tastes; they do not have needs or non-economic responsibilities and virtues

Though a lot of effort has been made to improve the public sector by legislation in Australia, public sector accountability has not improved. Critical evaluation of the public sector is necessary in the light of the research already done, indicates that the market -based approach has caused drawbacks in accountability in the public sector Australia.

Critical Evaluation of the Public Sector

The most common criteria to assess the public sector is the realization of its public accountability. However, while the traditional problems of administrative accountability, caused bureaucratic power, functional complexity, social isolation, information secrecy, controlled media and political

repression, have not disappeared, there has emerged a new set of challenges due to issues related to the contemporary market-driven reforms in public governance. Kettl (1998: v) mentions, the pursuit of reinventing government based on businesslike practice constitutes an “aggressive attack on the tradition of democratic accountability.” Haque (1998a) argues three problems emerging; *first*, a new challenge of accountability to public sector is posed by its closer partnership or alliance with private firms that have expanded under the recent market friendly reforms. Public and private partnership may disturb the very chain of accountability because the common citizens according to Peters (1993:93) “may simply not be able to determine whether government or its contractors is responsible for the particular service, and thus officials who want to may be able to evade responsibility easily”. In short, the current trend towards a closer alliance of public sector with private firms represents an emerging challenge to its public accountability.

The *second* problem of public accountability is likely to emerge from the fact that there has been a shift in the functions of public service under its business like reform, from the direct production and distribution of public goods and services to more indirect functions such as regulating, monitoring and evaluating market friendly activities like divestment, contracting out, and liberalization as mentioned by Chaudhry (1994). Haque (1998b) mentions that Australia has introduced various new regulations and regulatory agencies. The new regulations will have serious implications for its public accountability. It is because the previous public service functions and institutions related to the direct delivery of goods and services were relatively tangible, measurable, and thus, verifiable; whereas its new indirect activities such as regulation, monitoring, and evaluation, are quite difficult to verify due to their intangible nature. In addition, while the common citizens would have greater interest in the accountability of the public sector that used to deliver goods and services directly to them, they would be less concerned with accountability of a New Public Management performing the tasks of market related regulation and evaluation with minimal direct impacts on their lives. Thus, the recent shift in Australia in the public sector functions has considerable implications for its amenability to public accountability for its citizens’.

Third and final problem of public accountability is likely to emanate from the expansion of managerial freedom in the newly created autonomous public agencies, which occurred in Australia within the context of business friendly reforms.

The three problems discussed has created a move towards business like autonomous agencies which has posed a challenge to the traditional mode of accountability based on a closer scrutiny of public service activities through parliamentary debates, legislative committees, administrative tribunals, and other democratic means. Clarke and Newman (1997: 127) mention, the dispersal of power among various actors such as public agencies, regional offices, and private enterprises has already marginalized the role of the elected central government and reduced the power of local representative institutions. On the other hand, the power of individual ministers or political heads over the chief executives of these agencies has increased due to the fact that the careers of these executives increasingly rely on short-term contracts determined by their respective political heads. Thus, it is likely that these government managers of autonomous agencies maintain individual loyalty to their ministers or political heads who decide their careers, but ignore the need for collectively accountability to representative institutions especially the legislature that have less control over such autonomous managers. Another danger to public accountability posed by managerial autonomy is that it may according to Kernaghan (1992:213) “give more public servants opportunities to use their public office for private or even partisan gain”. Dillman (1998) mentions that in reaction to all these challenges to public accountability posed by businesslike flexibility in public management, there is a growing concern in advanced industrial nations like Australia with regard to this newly emerging tension between managerial autonomy and managerial accountability.

The critical evaluation of the public sector leads to the critical reflection on public trust in the public sector.

Critical Reflection of Public Trust in Public Sector

One of the most essential indicators of public sector is the extent to which it can claim public trust or confidence. This section offers some empirical findings showing trends in Australia, and United States towards a greater challenge to this public trust, and explains how the recent, market reforms in the public sector have exacerbated such a challenge. Although public trust may be affected by many factors, the focus here is mainly on the impacts of these market-led reforms. Public trust in the public sector not only refers to the trust of common citizens, it also encompasses the trust held by public servants themselves, since they constitute a significant part of the citizenry and represent an educated and articulate segment of the public. First, in terms of the empirical trends of public trust in public service, the confidence of public employees themselves appears to be under challenge. Haque (1996) mentions that in the United States, it has been found from several surveys that during the 1980s, almost 45 percent of the top dedicated civil servants know as the members of Senior Executive Service left the civil service; the annual turnover rate reached as high as 20 percent; and 73 percent of federal employees expressed concerns about “brain drain” from the public sector. All these reflect a significant level of employees' dissatisfaction with public sector jobs. These are examples of how public servants themselves have increasingly become skeptical towards current businesslike transition in the public sector. Gray and Jenkins (1996) mentions that this skepticism or lack of trust among public employees has been reinforced further due to their growing sense of job insecurity caused by the aforementioned policies of retrenchment and fixed term of employment. Berman (1997:105) mentions that in recent years there has been growing concern about public cynicism toward government, which indicates a lower level of public trust and public spirit. In terms of the confidence of common citizens in public service, there are negative trends in many cases. Thompson (1993:11-14) mentions that some surveys and findings in the United States between 1987 and 1992, have found that the number of people expressing a fair amount of confidence declined by 26 percent in the case of federal government, by 22 percent at the state level, and by 13 percent at the level of local government. According to Stonecipher (1998), the percentage of Americans believing that the federal government usually does the right thing declined from 75 percent to 20 percent in 1994 to only 6 percent in the late 1990s. Kettl (1998:36) states that according to a study in 1998, most of the Americans surveyed did not believe in the New Public Management claims, and 61 percent of them did not believe that the federal had become efficient. Halligan (1997) mentions that that according to a survey conducted in 1990s, in Australia, about 38.1 percent respondents find public sector services much worse than before.

One commonly cited critical factor is the current anti-bureaucratic attacks launched by various neoconservative governments and international agencies. Frederickson and Frederickson (1995) mentions that in the United States, some studies demonstrate that the criticisms of state bureaucracy by political leaders have reinforced unfavourable public perception about public servants and their ethical conducts. Terry (1997:58) mentions, “the depiction of public administrators as villains [by politicians and others] has merely exacerbated antigovernment sentiments. In recent years, antigovernment sentiments have reached a dangerous level; federal civil servants, in particular, now fear of their lives” (ibid).

Having discussed public trust in the public sector, leads to the next discussion of a critical view of the Workplace Relations Act which was intended to build public trust to the peoples' and accountability from the public sector.

Critical View of Workplace Relations Act

The Coalition government's Workplace Relations Act (1996) represents the latest federal industrial relations legislation aiming to reduce the influence of external and collective regulation in the form

of awards overseen by arbitral tribunals and trade union representation of employees. The Workplace Relations Act has arguably had a profound impact on the Australian Public Service than almost any other area of the Australian labour market. O'Brien and O'Donnell (1999) and Yates (1998) mention that the Coalition government represents the 'ultimate employer' of Australian Public Service employees, it has been able to insist that its managerial agents pursue the intent of the legislation for more direct relationships between employers and employees free from third party intervention. Weeks (1999:82) notes that the resultant potential for Australian Public Service employment relations to be individualized through agency agreements negotiated directly with employees rather than unions and Australian Workplace Agreement (AWAs) has the potential to substantially increase managerial prerogatives at a workplace level. Weeks (1999: 69) mentions that individualization in the Australian Public Service, however, represents a complex process because on top of the shift from awards to agreements and AWAs, it also involves the rolling back of wide ranging statutory protections for employees in the form of awards, APS specific legislation and regulations, and the longstanding tradition of trade union representation of employee interests and active role for the Australian Industrial Relations Commission (AIRC) in wage determination. Weeks (1998:85) mentions that this transformation of APS employment arrangement has the potential to place considerable strains on the 'career service' model of APS employment involving—the unified service, curbs on managerial prerogative, external review of managerial decisions, job security, formal protection of equal treatment and the merit principle. Nevertheless, individualist approaches to employment relations have not replaced collective approaches in a wholesale fashion. Storey and Bacon (1993:666-7) mention that rather, these new initiatives tend to operate alongside more longstanding collective arrangements. Collective forms of regulation retain considerable relevance in the APS with most employees' wages and employment conditions covered by either certified agreements negotiated with unions as the principal part or the APS Award 1998. Weeks (1998:81) mentions that while external and collective regulation is much weaker than previously existed in the APS with the emergence of individualization, it has not been entirely undermined.

The changes made in the Workplace Relations Act has not been up to expectations, much remains to be done to bring the legislation up to the standards for the employees. In summary, Australia has gone from the drivers' seat to the back seat in the area of the New Public Management in the Public Sector.

The analysis made in this paper will conclude by reinforcing the factors that have contributed to the tension

Conclusion

The paper has argued that market reforms in Australia have underscored the tension between the quest for efficiency and government control on one hand and the desire for controls on government on the other. Economic reforms, lack of trust by the peoples', decline in accountability by government, changes in the Workplace Relations Act have contributed to the tension between the quest for efficiency and government control as well as the desire for control of government on the other

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