

Submission to the Senate Foreign affairs, Defence and Trade References Committee

Inquiry into Australia's Relationship with Papua New Guinea and other Pacific island countries

by

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Public Sector Reform in Papua New Guinea

Public sector reform has proven difficult to bring about in Papua New Guinea and the Pacific Island countries. Yet such reform is vital to the political and economic development of our neighbouring states. We submit that the Senate Committee should address the issues and constraints involved and make recommendations on the ways by which the Australian government (and bilateral and multilateral donors) should assist in implementing the reform of governance institutions and practices.

If we regard policy as a process commencing with issues, moving through objective-setting and decision-making to planning and evaluation then there has clearly been policy failure in Papua New Guinea. At a recent workshop on policy-making held in both Canberra (February 2002) and Port Moresby (March 2002) this was the leading theme. There was particular concern that policy implementation continually failed to deliver the promises contained in policy documents and statements. There was a clear disjuncture between formal policy-making and policy implementation.

Of particular concern has been the regular failure of policies promoting public sector reform. The failure is not because of a lack of policies or projects. There have been many of these. The basic problem has been in implementation. The anticipated gains of public sector reform programs fail to materialize. Instead we have seen a steady decline in public administration in PNG. This is manifest in:

Technical skills are often in short supply or inappropriate. Staff are often inadequately equipped to perform.

Management knowledge is underdeveloped. Managers are unacquainted with contemporary management theory and practice. They lack the capacity or confidence for strategic management initiatives. Analytical ability is in short supply.

Motivation of staff is poor due to regular downsizing exercises, political interference in administrative decision-making and politicization of the appointment process.

Training has declined over the years.

Bureaucratic pathologies are evident in most government agencies eg slow decision-making, rigid structures, centralization of decision-making

Decentralisation has not produced the anticipated developmental returns. Although bringing government closer to the people is supposed to improve services and accountability this has not been the case.

Corruption is reportedly a major problem in political and administrative life. Accountability institutions are inadequate.

These are not new observations. They have been made by PNGans, financial institutions, academics and others. The public sector reforms which have been designed to cure the public sector have been remarkably unsuccessful. There is currently another major initiative in public sector reform spearheaded by the multilateral financial institutions, notably the Asian Development Bank (ADB). Its supporters hold out great hopes and look forward to the creation of a 'performance based public sector' in PNG. This may be more difficult than is anticipated. Brief reflection of earlier efforts is sobering.

Public sector reform in PNG can be regarded as a case of poor policy practice. There has been no shortage of policy making. Many initiatives can be identified. Where the policies have come to grief has been in implementation. From a technical point of view we can identify a familiar list of problems. There has been little attention to policy analysis, specifically an anticipation of where policies could go wrong. For example, policies are announced when the capacity to implement them is obviously lacking or the financial ramifications are not worked through. Other technical deficiencies include such items as poor definition of processes and responsibilities; inadequate supervision; lack of trained staff; slowness of bureaucratic action; constant turnover of managers; insufficient coordination; and infrastructure shortcomings.

While the technical explanations of policy failure have validity in delineating what the public sector lacks, it is in the political dimension of reform that we find the important root causes. Back in the 1960s, Gerald Caiden advised, that public sector reform is 'transformation against resistance'. In PNG the capacity to resist has been extremely strong. Sometimes it may be better described as the capacity to ignore, the exercise of power by doing nothing. The technical shortcomings occur because there is no concerted effort by the political elite to ensure that implementation of public sector reform conforms to the policy plans. Despite the numerous consultants' reports and grand statements by prime ministers there appears to have been remarkably little interest in public sector reform. Leading officials have not monitored reforms, demanded regular updating, enforced accountability and supervised reform initiatives.

There are several reasons for this. In part it stems from the nature of PNG politics in which particularistic concerns of staying in office and of satisfying small groups of supporters have dominated political life. Parties do not have platforms or policies. Thus, Prime Minister Morauta's attempts to engage in political engineering may have a more profound effect on public sector performance than repeated institutional strengthening programs. Secondly, crisis government is typical, and in such circumstances long-term public sector reform is simply not a priority. It is rather dull and doesn't attract votes. It thus becomes unattractive to own public sector reform.

Ownership is sometimes forced upon unwilling political leadership by multilateral financial agencies. In such circumstances, domestic commitment may be limited.

The third political aspect of public sector reform relates to control of public resources, the public service and of appointments in it. It is significant that the public service reforms that have been pushed through parliament have been of domestic origin and concerned with enhancing the power of the national political elite. They have secured control of appointments and subnational government while simultaneously allowing accountability to go into decline. When looked at from this viewpoint, public sector reform which produces good governance is actually a major threat to the political elite. While the system does not work for the majority of PNGans it may well work for many in the political elite.

One final and little used explanation of the unreceptiveness of stakeholders in PNG to reform measures concerns the organisational model which they use as a reference. It is a model of bureaucratic organizational structures and practices. This model has inherent dysfunctions such as an input orientation rather than a focus on results. Its colonial origins may also put it at odds with indigenous culture as Michael Somare observed before independence. But in PNG the dysfunctionality has been greatly boosted by unplanned changes such as the politicisation of appointments, the weak development of public accountability, the absence of evaluation and low morale. The result is a severely deformed bureaucratic form of organization.. Its members are highly suspicious of change and anyway often lack the capacity to design and implement changes that would lead to performance improvement. The pursuit of political agendas has contributed to the bureaucracy's incremental decay rendering it inappropriate for the tasks it is supposed to perform.

The quest for public sector reform is continuing. Multilateral and bilateral agencies are currently pouring in money for this purpose and hopes are high. This may be an optimistic. Previous predictions of reform success have often fallen short of expectation. Some rethinking of policies is essential as is the capacity to learn the lessons of earlier failures. The learning is not simply a matter for PNGan officials but also for the international financial agencies which have been and still are so heavily involved in promoting public sector reform. There is also much room for popular involvement, not simply as presenting unrealistic wish lists of projects but in sharing information, participating in planning and assuming some responsibility for accountability. Seeking good practice in PNGand how to replicate it is another underutilised strategy as is good research on management matters. A continuing problem is that we still know very little about how organizations work in PNG. But above all else there will need to be changes in the politics of public sector management if reforms are to be successful and the ADB's promised 'performance based public sector' becomes a reality.