

Luncheon Speech at the Conference on Changing Governance and Public Sector Reform in the Americas

Ladies and Gentlemen:

I am pleased to have been invited to participate in this Conference on Changing Governance and Public Sector Reform in the Americas and to give this luncheon address on the Public Sector Reform Agenda in the Caribbean.

I should say at the outset, that while I will make references to reform efforts in other parts of the Commonwealth Caribbean, my focus will be primarily on Jamaica, my home country and where, in my position as Cabinet Secretary, I am fully involved in a leadership role in the reform efforts.

Some of you may be aware of an article in a Commonwealth Secretariat publication¹ which reminds us that public sector reforms have been part and parcel of the activities of the public sector for many years.

The article states in part:

"Public sector reform is not new. It has rolled over governments in successive waves for over a century." It goes on to cite the Northcote-Trevelyan reforms in Britain in the mid 19th century; the wave of reforms in the early 1900s when independent public service commissions were created as a means of ensuring the development of a 'merit-based' public service; the reforms influenced by the Keynesian economic policies which laid the foundations for the welfare state and transformed the state apparatus in all developed countries; and the more recent reforms influenced by among other things, financial pressures on governments; the erosion of public confidence in governments and state institutions; technological change; and global economics.

As inheritors of the Whitehall/Westminster System of Government, the Commonwealth Caribbean countries would have experienced some of the changes mentioned; and, indeed, they do have a long history of public sector reform or in some instances reports (which for one reason or the other were not always noted on) proposing some form of reform or the other.

For example, in respect of Jamaica, a review showed that there were no less than twenty-one reports on matters such as pay, classification, training, and the creation of a Ministry of the Public Service. ²

In regard to Trinidad and Tobago, a recent paper ³ cited eight reports (among others) in the period 1954 to 1986. The paper stated that all the reports agreed that there was over-centralisation of the public service, leading to inefficient service delivery and that many of the personnel systems needed to be reformed.

In the early 1990s, a Caribbean Roundtable ⁴ resulted in a so-called Kingston Declaration of Public Management. The Declaration recommended a number of issues/themes for the urgent attention of Caribbean Governments. These included:

- a clear definition or redefinition of the functions and form, size, scope and role of the state;
- organizational review and modernization of the state apparatus;
- development of human resource policies which emphasized performance and merit-based compensation;
- improvement of financial management systems, procedures and policies to ensure greater accountability and transparency;
- introduction of information technology for more efficient decision-making public administration and policy implementation.

The Jamaican Government for its part (with the support of the Canadian Government) held a Roundtable

on the Emerging Role of the State 5 in the summer of 1993. This Roundtable was attended by representatives of the public sector, led by the Prime Minister, other members of his Government; Permanent Secretaries and Heads of Departments; the private sector; and NGOs. It recommended among other things, the sort of activities the state should be involved in, and the best organizational arrangements to undertake these activities.

The next wave of reforms (which more or less coincided with my tenure of office as Cabinet Secretary) was to be influenced (not all at the beginning) by a number of factors from within and without.

One of these was the experience of past reforms. We learnt from these earlier reforms that, however well-meaning (such as increased pay to the compete with the private sector) we should avoid at all cost a piecemeal approach. We learnt too that the essential stakeholders (the Prime Minister (most importantly) and his Government, the Opposition parties, rank-and-file public service staff and their trades unions; the private sector; civil society; and the media) should be involved in the process early.

We learnt, too, that for the reforms to succeed on a sustainable basis, there must be a continuous pressure to perform, because as largely monopoly provider of services, it was easy for the public service to get back to old and inefficient ways of doing things.

A second consideration, (which was mentioned earlier, as a driving force for the reforms in many countries) was the fiscal austerity we faced, and that this had to be addressed by getting more value from the money spent on the public service (15% of GDP at the time of writing) and getting it to perform in a way to enhance the prospect of economic growth and development.

A third consideration (also mentioned earlier), was the need to deal with rising expectations of the society in terms of the efficiency and customer friendliness with which services are provided by the public sector.

A fourth consideration mentioned earlier, was the impact of globalization which admittedly was not all seen at the beginning of the process of the current wave of reforms. We now know that such things as: (a) the lowering of trade barriers; (b) new systems of valuation; (c) liberalization of the world capital markets; (d) increased competition for knowledge workers; and (e) matters of human rights and the environment are issues of globalisation with which our public sector must be equipped to deal.

A fifth consideration (again mentioned earlier), was that of information technology with its pervasive and profound impacts in respect of such things as the ability to communicate within and without almost instantaneously; the storage and retrieval of information; training; physical planning and so on.

Overall, the Government was determined that the public sector reforms per se as well as a number of others, (such as reforms of the electoral system and 'modernising' the Constitution by among other things incorporating a Charter of Rights which should lead to an improved quality of governance.

The term 'governance', as some of you may be aware, is defined, more or less similarly, by both the World Bank and the Canadian International Development Agency (CIDA) as "the manner in which power is exercised in the management of a country's economic and social resources for development"; and CIDA, in particular, defined "good governance" as the exercise of power by various levels of government in a manner that is effective, honest, equitable, transparent and accountable".

With all these objectives in mind the Government set about a series of sweeping reforms which individually and collectively must seek to meet the benchmarks of good governance. These reforms included:

- The transformation of the Cabinet Office from a secretariat, which was concerned essentially with the preparation of

Cabinet agendas, recording of minutes and the communication of Cabinet Decisions, to one more akin to those of the developed Commonwealth countries such as the United Kingdom and Canada.

- The beginning of a process of strengthening policy capacity within Government.
- The creation of executive agencies after an approach introduced in the United Kingdom and in Canada(' as special operating agencies') as an alternative form of service delivery.
- Improved customer service by state agencies through so-called 'First Steps' and ultimately Citizens Charters.
- The beginning of a process of delegating authority-to Executive Agency heads and to Permanent Secretaries in the appointment and disciplining of staff.
- Revamping the system of procurement of goods and services to enhance transparency and efficiency and to conform with the country's international obligations.
- Undertaking of a comprehensive taxation administrative reform programme.
- Undertaking a review of the human resources administration and processes of Government.
- Modernization of the Customs Department to enable it to more efficiently, effectively and transparently process passenger goods and cargo so as to optimise revenues, ensure national security, protect the economy and facilitate trade.
- The contracting out of services such as catering, laundering and security in the public hospitals
- The decentralization of hospital services by the creation of Regional Health Authorities operating more or less along Executive Agency lines.
- The rationalization of state entities by closures, mergers, or privatization, as the circumstances dictate.
- Modernizing the Auditor Generals Department to enable more efficient auditing and value for money auditing.
- Introducing a computerized financial management information system to produce more timely and accurate information on expenditures vis á vis programmes and a human resource management information system to give human resource managers a tool for human resource management and decision making, including the facilities for maintaining an up-to-date and complete record on civil servants over the course of their careers.
- The pursuance of a programme to reduce waste in Government.
- The pursuance of a programme of the greening of Government through an Environmental Action Programme (ENACT).

I will come back to some of these reforms later, but wish to pause to mention, that while not apparently as sweeping as in Jamaica, significant reforms have been or are currently underway in at least two other Commonwealth Caribbean counties.

In Barbados, 7 an Office of Public Sector Reform has been established ; public officers are being retrained in the basics of their jobs and new ways of arriving at desired outputs; attempts are being made to change the culture of the public sector from an administrative to a more managerial one; the financial management system is being modernized; the public service is being computerized and public officers are being trained to become more computer literate; work is being undertaken on improving the efficiency of the tax collection system.

In addition to the above, the Office of the Cabinet is being strengthened and the Cabinet Secretary was recently made as Head of the Civil Service.

According to a Commonwealth Secretariat Report, 8 the Government of Trinidad and Tobago introduced reforms such as: (a) value-for-money/efficiency audits beyond the traditional determination of whether funds were spent in accordance with legal and financial requirements; and (b) the contracting out of certain services such as maintenance and security at certain public sector agencies.

Coming back to the reforms in Jamaica, while it is early days yet, the signs are encouraging in a number of areas. I will in the interest of time look at just two of these areas: (1) Cabinet Office; and (2) the

creation of Executive Agencies.

I will speak on each in turn.

The Cabinet Office

The new version Cabinet Office was created in 1993 following two reports on measures needed to reform the public service.

One of these reports was by Sir Kenneth Stowe, a former Permanent Secretary, and Mr Geoffrey Morgan, a former senior official, both in the British Civil Service. They recommended among other things that:

- The first priority was to get the machinery [of Government] at the centre right i.e. to fill the void by establishing a capability under the Prime Minister's personal authority to command and control the determination of strategy and resources, money and people to implement it.
- The Prime Minister's Office should house a strengthened Cabinet Secretariat enhanced so as to take over: (a) full responsibility for bringing together issues which bear on the government's strategy and presenting them to Ministers via the Prime Minister for collective decision; (b) the lead role in corporate planning for the government as a whole; (c) monitor and as necessary, direct the implementation of policy. The holder of the post should be designated, Head of the Civil Service.

The recommendations were accepted and the revamped office was established in July, 1993. Since its establishment it has inter alia, effected:

- a generally improved quality of submissions to Cabinet (achieved through the production of guidelines for writing them and specific training programmes);
- 'streaming' submissions to the relevant committees of Cabinet or Cabinet itself; and from this more efficient discussions/disposition of issues;
- better monitoring and evaluation of the fate of Cabinet Decisions and the presentation of reports and evaluations on the state of matters; involvement of the relevant stakeholders (including representatives of the private sector and civil society as the circumstances warrant) in matters placed before Cabinet or its Committees;
- better coordination of the corporate planning process of government;
- better communication links in respect of Cabinets priorities with the Permanent Secretaries as a body;
- better co-ordination and evaluation of the public sector reform programme;

Executive Agencies

Outside of the reform of the Cabinet Office, it is arguable that the creation of executive agencies has been the pièce de résistance of the reform efforts. I say so, because it represents the most radical departure from the norms of public service organizations while still remaining a 'classical' department of government.

I crave your indulgence to speak a little about what led us to adopting this approach, which as I mentioned earlier was introduced in the United Kingdom and in Canada as special operating agencies.

The decision to create executive agencies was against the background of Government seeking through various means to get a more efficient and effective public sector. It had tried to do so through the 'classical' department of government and the creation of statutory corporations and government

companies.

It is a matter of record that the classical department has not worked well for a number of reasons, but I think, principally because it is subject to centrally laid out rules with not much flexibility for the leadership 'on the ground' to use the available inputs to achieve the outputs and the desired outcomes.

We found that, by and large, the statutory corporations and companies did not achieve the desired results. In the first place, we found accountability somewhat diffused between chief executives, boards, chairmen and ministers.

Second, we have found the official shareholder for most of these bodies, The Accountant General, has been a poor proxy for the shareholder in private sector entities in terms of putting on the pressure for performance. In addition, there is no 'market testing' such as share value or ratings by the Standard and Poor's of the world.

Finally, we were impressed with the experience in the United Kingdom; and, in particular, the priorities which were identified by them in making government departments work.

These were summarized as follows:

- The work of each department must be reorganized in a way that focuses on the job to be done; the systems and structures must enhance the effective delivery of policies and service.
- The management of each department must ensure that their staff have the relevant experience and skills needed to do the tasks that were essential to effective government.
- There must real and sustained pressure to perform on and within each department for continuous improvement in the value-for-money obtained in the delivery of policies and services.

We have started cautiously with only four agencies - The Registrar General's Department and Island Record Office; The Management Institute for National Development (the Staff College); The Administrator General Department; and The Office of the Registrar of Companies, and have recently created four more. Each Agency head is selected by open competition and appointed on contract terms by the Governor General acting on the advice of the Public Service Commission as our Constitution provides. He/She is delegated considerable authority over human resource, finance and operations and are guided by three key documents:

- A Modernization Plan
- A Financing Plan
- A Framework Document

For purpose of illustration I will elaborate on the performance of two of these agencies before and after acquiring executive agency status. The Registrar General's Department and The Office of the Registrar of Companies.

First, **The Registrar General's Department**

This Department was established in 1879 and is the only agency in Jamaica responsible for the registration of births, deaths, stillborns and marriages.

I wish to draw your attention to some features of this department before and since it was converted into an executive agency (Appendix I).

Second, The Office of the Registrar of Companies

This office was created in 1975 for registering major commercial entities (companies, business names, industrial and provident societies). It is the primary source of information to a wide range of customers of all the activities of these commercial entities.

Appendix II highlights some of the 'Before' and 'After' situation for that department.

Challenges Ahead

I want to turn very briefly to the challenges ahead in respect of this sweeping programme of reforms. Despite the encouraging signs, the reform programme in Jamaica faces certain challenges which must be overcome if the objectives originally set are to be met.

The seven main ones that I see are:

- The uncertainty of available financial resources to complete the various programmes. This is in a way, a bit of a paradox, as without the proposed changes (such as the modernisation of an entity like the Customs Department) which the financial situation will have less chances of being improved.
- The political unpopularity of which may result if certain difficult decisions (such as closures, mergers or privatisation of entities or making some staff redundant) are taken.
- Traditionalists having more influence than reformers in the continuing dialectic in shaping Government's policies vis á vis the public service.
- Whether the limited degrees of freedom permitted by the present written Constitution will suffice to meet future requirements; and, if not, whether there would be the political will to seek to amend entrenched provisions which might hinder reforms.
- The risk of taking on too much in respect of reforms because there is a real need to fix many areas.
- The danger of 'fire walls' being created between individual departments as experienced to some extent in some of the executive agencies created in the United Kingdom.
- The danger of the value system of the best of the old public service being eroded as a result of creating a more business-like orientation of the public service.

Conclusion

Notwithstanding the challenges faced and anticipated, I am confident that the momentum already generated will ensure that the reforms will be continued and the investments in them will be manifestly justified. The opportunities of: (a) positive impacts on the economy; (b) positive impacts on the public sector as an institution and the persons who serve in it; and (c) the goodwill of citizens are too attractive to be missed.

The Framework Document

Sets out the basis upon which the Agency and its CEO will operate and outlines how they relate to their portfolio and other Ministers as the case may be. The document sets out the key outputs, the performance indicators and the targets for the CEO and the Agency in return for delegation of certain management, financial and human resources authorities and responsibilities and the provision of agreed inputs.

Medium-Term Financing Plan

The medium-term financing plan sets out the projected revenues and expenditures of the agency over a

3-5 year period, distinguishing between ongoing expenditures and those required to complete the modernization process.

The Modernization Plan

The Modernization Plan sets out, inter alia, the core and non-core activities of the agency and which of the two categories could be contracted out; and the implementation programme in regard to business processes; financial management and control; information systems; human resources.