

Focus

Public Management Newsletter

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Web site: <http://www.oecd.org/puma/focus>

E-government for democracy and development

Third Global Forum is held in Naples

The Third Global Forum on Governance, hosted by the Italian Government from 15 to 17 March 2001 in Naples, was dedicated to the theme of electronic government as an instrument of democracy and development. Participating in the Forum were 900 international experts and practitioners (including many government ministers) from 122 countries, multilateral agencies, the business community and non-governmental organisations. The Forum was organised in collaboration with the OECD (in particular its Public Management Service), the World Bank and the United Nations. Franco Bassanini, the Italian Minister for Public Administration, opened the conference, and keynote speeches were made by OECD Secretary-General Donald Johnston and Deputy Secretary-General Sally Shelton-Colby.

Participants at the Third Global Forum voiced their appreciation of this unprecedented opportunity to debate and explore the potentials of information and communications technologies (ICTs) for governments in both developed and developing countries and, in particular, the capacity of ICTs to foster democracy and development.

Debates covered a wide range of issues and highlighted the key challenges facing governments in the design and implementation of e-government strategies to meet citizens' expectations and demands for more accessible, transparent and accountable government. They centred around six themes:

- Governance issues in the online era;
- The impact of ICTs on government organisation;
- Implementing e-government;
- Services to citizens;
- Services to business;
- The digital divide and international co-operation.

Main findings of the Forum

The Forum noted the power of ICTs to transform the way governments work. This is most evident in the delivery of services and access to information.

E-government can improve the quality of life for citizens and create real savings in cost and time.

It was also noted that ICTs could strengthen decision-making and policy formulation through better knowledge management as well as better data collection and analysis. A key benefit of ICTs lies in their capacity to involve citizens and civil society in the policy debate through direct interaction.

ICTs also bring about major changes in the content of work and administrative organisation, making them better matched to citizens' needs. Greater information-sharing at all levels of government could make some hierarchical relationships unnecessary.

A number of speakers stressed that, through their ability to spread accurate and comprehensive information, to automate processes and to provide a record of transactions, ICTs can be a powerful tool for good governance.

Furthermore, these benefits are a key factor in the development process, as ICTs can help improve services for even the most disadvantaged communities. But for these benefits to be realised, the developing world needs low-cost access to technology and training.

Many participants agreed that risks to privacy and security must also be addressed; new technology must be used for citizens, not against them.

Finally, it was recognised that the full potential of ICTs has yet to be realised even in the most advanced economies, and the implications for new forms of democracy are vast.

Recommendations

Forum participants strongly endorsed certain actions and policy options, including:

- Creating more occasions for international sharing of best practice and mutual learning on e-government issues;
- Building e-government action plans in partnership with the private sector, consumers and non-profit organisations, with specific consideration for the principles of equal opportunity and subsidiarity;
- Ensuring that citizens' privacy is considered of paramount importance and that broader use is made of existing technologies for protecting personal data and preventing malpractice;
- Favouring the creation of websites for comparing the best examples of e-government and providing advice and training for e-government implementation for both developed and developing countries.

Participants cited the Group of Eight's Digital Opportunity Taskforce ("dot.force") for bridging the digital divide as a promising initiative. They encouraged the Taskforce to stress various points in its report, such as the importance of ICTs for development and for fighting poverty and the need for ICT policies to have a strong political commitment.

It was also recommended that the OECD contribute to a deeper understanding of the potential and implications of e-government and share the results as widely as possible. The OECD could also study tools for a high-quality regulatory framework in matters related to e-government.

Further information

For more information on the Forum, including the programme and the full communiqué with findings and recommendations, see www.globalforum.it/.

●Co-ordinating to innovate

The **Korean** Presidential Commission on Government Innovation was established in August 2000 to facilitate co-ordination between public agencies and to enhance citizen participation in public management reform. The Commission's main tasks are to monitor the implementation of the reform plan and to find new ways to enhance public sector efficiency, democracy and productivity. The 11-member Commission is composed of six ministers and experts from the private sector, academia, the legal profession and NGOs. In addition, Commission meetings are open to all ministers.

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●New procedures for ministries

In September 2000, new Joint Rules of Procedure came into force for the **German** federal ministries. These new rules aim to modernise the way the ministries co-operate, as well as their organisational structures and the drafting of bills. Over 100 existing rules are to be eliminated, particularly those that state the obvious or cover areas that can be more effectively regulated by the ministries themselves. More detailed and concrete rules will be put in place for proving the need for and describing the consequences of a piece of legislation. New mechanisms enable the *Länder* and local communities to express their views to the ministries regarding new legislation at an early stage, making the legislative process truly co-operative. The new rules also set down equal opportunities for men and women as a guiding principle for all political and administrative measures in the federal ministries. See <http://www.staat-modern.de>.

●A new type of prime minister's office

A new type of prime minister's office has been developed as the centre of government in **Hungary**. The office, headed for the first time by a minister, manages government policy formulation. "Desks", headed by political state secretaries, co-ordinate the various areas of public sector activity, analyse and assess processes, develop strategies, assist ministries in the implementation of strategic tasks, and appraise achievements. Other units in the Prime Minister's Office include the Department of Strategic Analyses, the "Country Image" Centre, the Centre for Press and Media Relations, and a unit in charge of relations between the government and civil society.

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●Clearer arrangements for Crown entities

New Zealand's proposed Crown Entities Bill is the most significant legislative change in public management in eight years. More than 70 non-departmental bodies (Crown entities, forming a large part of New Zealand's state sector) are to be given clearer governance and accountability arrangements. As these arrangements are based in legislation, legislative change is necessary to address the remaining problems. These problems include:

- Inadequate governance provisions in statutes and in the Public Finance Act, e.g. inconsistent provisions on board appointment and dismissal.
- No comprehensive, coherent accountability regime.
- No clear legal mandate for the State Services Commissioner to act in the wider state sector. The Commissioner only has powers for the public service but is expected to support the Minister of State Services, who has overall responsibility for Crown entity governance.

A Crown Entities Bill will be introduced into the House of Representatives in early 2001 to provide ministers with solutions to these problems and to improve the governance and accountability framework. See http://www.ssc.govt.nz/documents/crown_entity_reform.htm and <http://www.treasury.govt.nz/crownentity/default.asp>.

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●Relaunching the reform of the state

In October 2000, the **French** Prime Minister announced the government's plan to reform the state, focusing on three themes:

- Making the state more responsive to citizens, through a quality policy, cutting red tape, and enhancing e-government (www.service-public.fr).
- Modernising management methods and improving human resources management.
- Further deconcentrating decision-making powers to the local level, including an overall evaluation of the process since 1982.

Public officials will be given support for this plan through tele-training in public management, new technology, modern languages, and relations with the public, as well as through a modern, electronic working environment.

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● Changes in the budget

To increase the transparency of public policies, their costs and their results, **France** is gradually changing the way its budget is presented, using budget aggregates. Aggregates work by grouping budget items according to end purpose (or outcome targets) rather than the more fragmented view provided by the present breakdown by budget account. These efforts are part of the recent trend towards outcome-focused budgeting seen in many OECD countries. The aim is to give parliamentarians — and through them, citizens — coherent answers to the following basic questions:

- What actions are being taken by the state in the different sectors?
- At what cost?
- With what objectives?
- With what results?

Aggregates were introduced into the budget in 1997. As from the 2000 budget, each minister was asked to present objectives together with aggregates and, if possible, the results achieved. For the 2001 budget bill, a standardised presentation structure was created and a process for follow-up between the budget department and ministries was put in place.

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● Managing federal government property

The **Australian** Department of Finance and Administration (DoFA) manages a diverse portfolio of some 400 government-owned properties located in over 50 countries and valued at around \$A2.4 billion. The portfolio is managed in a competitive environment, with government agencies free to lease from the private rental market if that best meets their accommodation requirements. The government's commercial objectives are that the portfolio should:

- earn a commercial return on investment;
- pay appropriate dividends;
- make equity repayments from the sale of property;
- maintain the portfolio to industry standards;
- maintain tenant satisfaction.

DoFA has recently established a strategic alliance with a private sector consortium for the global management of the portfolio. This is expected to achieve savings in portfolio management costs of \$A74 million over the initial five-year term of the agreement. This strategic alliance is underpinned by a service delivery contract. DoFA and the alliance partner share the risks and rewards of the portfolio. The alliance partner's remuneration is based on the profitability and growth of the portfolio.

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Co-operating on regulatory reform

In June 2000, Asia-Pacific Economic Co-operation (APEC) and the OECD agreed on a Co-operative Initiative on Regulatory Reform. This agreement was endorsed at the APEC Ministerial meeting in November 2000. The joint APEC/OECD work aims to promote the individual and collective implementation of the principles on regulatory reform adopted by the Member countries of the two organisations. APEC and OECD differ in aim, structure and membership, and therefore co-operation will be voluntary and flexible, considering variations among the different Members of APEC and OECD. The joint work is focused on exchanging information on good regulatory practices through a series of related events. The opening conference of the Initiative was held in Singapore on 21-22 February 2001. The purpose of the conference was to update participants on major developments in regulatory reform – including the principles guiding APEC and OECD work – as well as to exchange experiences and discuss medium-term challenges for regulatory reform. In 2001, follow-up workshops will build on the discussions at the opening conference by focusing on specific themes. For more information on the APEC/OECD Initiative, see www.oecd.org/subject/regreform/past_events.htm.

The new OECD Journal on Budgeting provides insight on leading-edge institutional arrangements, systems and instruments for the effective and efficient allocation and management of resources in the public sector. For more information on the Journal, including a free sample copy, see <http://www.oecd.org/puma/budget/journal.htm>.

Policy dialogue on governance

At the 1999 and 2000 meetings of the OECD Council at Ministerial level, Ministers asked PUMA to launch an initiative “to better share the results of the Organisation's existing work in the field of good governance with interested non-member countries,” in partnership with other international and regional organisations, and in broad and open consultation with civil society. The resulting Governance Outreach Initiative (GOI) involves exchanging information as well as developing evaluation criteria to assess Members' achievements. The activity cuts across the scientific and policy communities and aims to pursue a common agenda while recognising a diversity of cultures and contexts. At present, the GOI consists of conferences addressing a common theme in a specific regional context. The first conference will deal with broad questions of the governance arrangements of autonomous agencies; another sheds light on issues of transparency and accountability of agencies. To lend further substance and sustainability to the programme, a governance statement was issued last year in draft form and is being finalised. As the activity progresses, further information will be posted on the Web: www.oecd.org/puma/.

Outcome-focused budgeting and management

What is it that governments want? What is the public sector aiming at? What are politicians held accountable for on Election Day? In most cases it is societal change -- the effects and outcomes of public action on peoples' lives.

Experts from ten countries met in January 2001 to exchange experiences on outcome-focused management and budgeting. The meeting addressed two partly inter-dependent levels: first, a managerial level focusing on how concrete outcomes can be defined, measured and used in the management of entities delivering public policies; second, a governance level looking at how outcome-focused management can improve policy formulation, implementation and public sector learning.

The general emphasis in countries moving towards an outcome-focused approach is on the systematic generation and use of information about actual outcomes and outcome targets. In this way, assessments of public value-added are made on an ongoing basis and fed into public decision-making at all levels.

Within that general objective, there are different rationales for strengthening a focus on outcomes. It can be used as a tool for:

- performance control to ensure that public and private providers are efficiently delivering services that are properly aligned to government's ultimate objectives;
- public accountability, because better information to the public and the political process will enhance the

political debate and thereby provide direction to government;

- steering – if the budget is the main engine of government strategy, it is important that an outcome focus be integrated into budget and reporting systems;
- strengthening the civil service culture by making public servants more aware of the public good.

Yet, there is a limit on how much information public organisations, officials and politicians can absorb and incorporate into their decision-making, and this implies that important choices need to be made to achieve:

- a trade-off between technical efficiency (input or output focused) and allocative efficiency (outcome focused);
- a balance between what we want to know about outcomes and the cost of obtaining this information;
- a balance between the ideal measurement of a complex situation, and the selected handful of measures that we can afford and that we hope will tell us what matters most.

Modesty is therefore a prerequisite of success.

It is likely that OECD countries will continue to experiment and that more countries will undertake initiatives to enhance the outcome focus in their management and budgeting. Further information, including minutes from the meeting and the Chair's Statement, can be obtained from jens.kristensen@oecd.org. ■

Implementing outcome-focused budgets

- In **Australia** and the **Netherlands**, the main budget and accounting documents are being restructured around outcome targets and outcome performance. This restructuring is accompanied by ambitious plans to change the whole focus of budget negotiations.
- In **France**, outputs, outcomes and inputs are being linked together in annexes to the main budget document, and consideration is being given to restructuring the budget accordingly.
- In the **United Kingdom**, policy departments must account for how the mix of outputs purchased from public agencies and private providers aligns with whole-of-government outcome targets.
- In the **United States**, required performance documents are now increasingly implemented, linking outcomes and outputs to the budget.
- In **Canada**, the pressure for enhanced government-citizens connections is changing public performance reporting towards outcomes.
- In **Japan**, efforts are under way in some ministries to ensure that genuine feedback loops are established between policy formulation, implementation and social outcomes.

● Stress and working for the EU presidency

A team of occupational health care psychologists in Finland has carried out a study on the well-being of **Finnish** civil servants who worked for Finland's Presidency of the European Union in 1999. The level of burnout risk in that group exceeded the normal average for Finnish workplaces. Questionnaires were sent at the end of the Presidency to 850 people, of whom 327 answered. Chairmen and national representatives of working groups scored the highest for burnout risk. Working groups had to reach compromises in an information-intensive setting and short time span, which was very stressful. If the civil servant was well prepared he/she was better able to work without over-exhaustion. Respondents also reported feeling drained and unmotivated after the "show" was over. Still, most participants described the Presidency as a tough but positive challenge in their career. The psychologists concluded that in order to ensure the well-being of those working intensively for the Presidency, it is important to reinforce in advance the knowledge and skills people will need and to plan post-Presidency support measures to help people adjust after such an intensive period.

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New project: Competitive Public Employer

PUMA's new project on "Competitive Public Employer" aims to support the efforts of governments to enhance the competitiveness of public employers in the labour market and to improve professionalism in the public service. If governments do not succeed in enhancing their competitiveness, they will find it increasingly difficult to recruit highly qualified personnel to public organisations. Lower wages, and the diminishing image of the public sector in some countries, are leading many young graduates as well as senior civil servants to seek a career in the private sector rather than the public service. Governments are also facing difficulties in providing their new staff with the competencies and skills needed for new information technologies and changes in working life. The first event of the project is an expert meeting on 5 and 6 April 2001. Seventeen Member countries will participate in the meeting, at which successful examples of the strategies and policies implemented by Member countries will be presented. The detailed future work programme of this project will also be discussed. Based on the results of the project, a synthesis report on strategies and policies of the Member countries will be published in late 2001. For more information, suggestions and proposals, contact Kirsi Aijala (kirsi.aijala@oecd.org) or Deok-Seob Shim (deok-seob.shim@oecd.org).

● New code of conduct

In **Italy**, the Minister for Public Administration has approved a new Code of Conduct for Government Employees that will come into force in mid-April 2001. The new code reinforces the principles of impartiality, efficiency, responsibility and confidentiality of administrative information already contained in the Constitution and subsequent laws. Furthermore, the code encourages co-operation with citizens and users of services, subsidiarity and simplification of administrative procedures for citizens and businesses, etc. The revised Code of Conduct is an important step to further promote transparency and integrity, prevent conflict of interest, and complete the process of making public servants responsible for their actions. The text of the Code is available (in English and Italian) on the OECD/PUMA Web site at <http://www.oecd.org/puma/ethics/events.htm>.

● Evaluating senior executive performance

As from 2001, Senior Executive Service members in the **United States** will be subject to new accountability measures that balance organisational results with the needs and perspectives of customers and employees. Amended performance management regulations issued by the Office of Personnel Management will help agencies hold senior executives accountable by:

- reinforcing the link between performance management and strategic planning;
- requiring agencies to use "balanced measures" in evaluating executive performance;
- giving agencies more flexibility to tailor performance management systems to their unique mission requirements and organisational climates.

Recent studies have shown that both the public and private sectors are increasingly and successfully using an approach to performance planning, management and measurement that balances the needs and perspectives of stakeholders with achievement of the organisation's results.

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● Whistleblowing in the civil service

The **United Kingdom's** Civil Service Code obliges civil servants to report any actions which are illegal, improper, unethical, in breach of constitutional convention or a professional code, or which may involve possible maladministration, or be otherwise inconsistent with the Civil Service Code. It encourages civil servants first to raise the issue through an internal process. If unhappy with the response they receive, they may report the matter to the independent Civil Service Commissioners. Civil Service Commissioners report to Parliament annually and provide an account of the appeals made to them under the Civil Service Code. The Civil Service Code is available at: <http://www.cabinet-office.gov.uk/central/1999/cscore.htm>.

● Tax administration reform in Korea

The National Tax Service (NTS) in **Korea** has been undertaking tax reforms since 1999. The basic principle in restructuring the tax administration was to redesign its structure and functions from the taxpayers' perspective, so as to meet customers' needs and demands. First, local tax offices were restructured into functional divisions (e.g. Tax Collection Division, Tax Source Management Division). Second, a taxpayer advocate system was introduced to protect taxpayers' rights. Third, the NTS started a "Credit Card Lottery Service" to encourage people to use credit cards, which in turn provide an accurate source of taxation. Public and corporate expenses must be paid by credit card, and a standard computerisation system has been adopted to issue tickets for cinemas and public transport, enabling the NTS to trace taxable expenses accurately. NTS policy is moving from mere taxation to improving service, so that it serves as an agency for taxpayers' rights. Tax information is being computerised, allowing taxpayers to access services without face-to-face contact with officials, and allowing easy detection of tax evaders through the use of a taxation database. The reforms have led to a reduction in the number of tax audits performed, an increase in the amount of tax assessed per audit, and greater taxpayer satisfaction.

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● Results for Canadians

The *Results for Canadians* project aims to modernise management in the Government of **Canada** to respond to citizens' changing expectations and priorities and to provide the highest quality of service to the public. To achieve this goal, the government commits to excellence in four areas:

- focusing on citizens;
- embracing a clear set of public service values;
- managing for results;
- ensuring responsible spending.

Results for Canadians aims to provide a coherent framework for management, based on leadership and values, well-defined standards and sound risk management, with effective control systems. It also defines the government's management commitments, describes how the government's management board and departments and agencies must work together to modernise government management practices, and sets out a clear agenda for change. Currently work is being done across government on the following medium-term initiatives: citizen-centred service delivery, Government of Canada On-Line, modern comptrollership, improved reporting to parliament, programme integrity, developing an exemplary workplace.

● Benchmarking in Germany

In **Germany**, benchmarking initiatives are compared within administrations and between departments and agencies in almost every area of the public sector. At the federal level, interdepartmental exercises focus on human resource management, controlling public subsidies and the use of ICTs. In the latter area, for example, ten federal ministries compare their benchmarks, focusing on equipment, operations, user helpdesks and on-the-job training. Benchmarking comparison exercises also take place at other levels of government. For example, the cities of Hamburg, Berlin and Munich compare the output of their theatres. KGSt, the municipal advisory body, currently co-ordinates 79 comparison committees on 36 issues with more than 400 participants. These committees are considered to be an important tool in pursuing the "New Steering Model" for municipalities. The Bertelsmann Foundation has also been active in this field. Presently it supports 25 benchmarking comparison committees in municipalities. It has also looked at benchmarking comparisons of the revenue services in Bavaria and Saxony. The Federal Government plans to use the experiences of these various initiatives to extend the application of benchmarking to other areas. For more information on the benchmarking programmes of the Federal Government see <http://www.staat-modern.de/projekte/index.html>; or contact Beate Raffelsiefen (Beate.Raffelsiefen@bmi.bund). On municipal governments see http://www.ikonetz.de/IKO_Netz/produkte/Vergleichsringe/vergleichsringe_themen.htm. For Bertelsmann Foundation activities see <http://www.leistungsvergleich.de/>.

Corrigendum

In *Focus* 18, an article on page 3 stated that the Common Assessment Framework (CAF) was presented to General Directors of the European Commission. The article should have read "In November 2000 the CAF was presented to Directors General of the Public Administrations of the European Union". We apologise for the error.

● Quality assurance in the civil service

In **Mexico**, the quality assurance system of the Civil Service Unit (USC) was registered by the Quality Management Institute of Canada in July 1999, thus making the USC the only federal government office in the world to have a full certification of all its services and processes under the ISO 9001 standard. At present, the USC is working on a "Simplified Guide on Quality Assurance Systems Implementation in Public Sector Organisations". This document is intended to help ministries and agencies to implement quality assurance as a way to improve government's responsiveness to citizens.

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● Secure communication on the Internet

The **Danish** government is working on digital signatures to ensure safe and simple communication with the public sector, and to ensure that the identity of citizens and companies that communicate with the public sector is secure. A public standard for digital signatures will be defined, and public authorities will be required to adhere to this standard. The use of correct security levels will be ensured by the Danish Data Protection Agency, the central approving authority for security on the Internet.

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● National Initiative for E-Commerce

Following the Green Paper for the Information Society in **Portugal**, electronic commerce has received a high level of government attention. Electronic commerce involves a radical change in traditional commercial practices and the legal framework that governs them. A National Initiative for Electronic Commerce was established to create an environment that will help small and medium-sized enterprises modernise their information systems and facilitate their participation in digital networks. The initiative defined the legal framework for electronic documents and digital signatures, as they are needed to create a secure environment for e-commerce. This was the first step towards legalising electronic signatures.

Engaging citizens in policy-making

New case studies examining concrete measures to improve citizens' access to information, opportunities for consultation and active participation in policy- and decision-making in four OECD countries are being published on the PUMA website (www.oecd.org/puma/citizens/pubs.htm). They illustrate a range of tools and approaches, highlight the benefits and drawbacks of each, and draw valuable policy lessons.

- *Norway*: using consensus conferences on the genetic modification of food.
- *Czech Republic*: undertaking public consultation on national education reform.
- *Belgium (Flanders)*: engaging the poor in policy-making on poverty and social exclusion.
- *Korea*: applying new information and communication technologies to strengthen government transparency and relations with citizens.

These new case studies will enrich the set of those released to date. Key findings from the case studies will be included in the final report to be reviewed by the Working Group on 'Strengthening Government-Citizen Connections' at its next meeting in June 2001, and posted on the PUMA website for public comment soon after.

State of the Service Report 1999-00

Public Service and Merit Protection Commission, Australia
October 2000 (ISBN 0-642-54366-6, 189 pages)

This year's State of the Service Report is developed around five major themes: working under the Public Service Act 1999; the nature of the Australian Public Service (APS); accountability; customer service; capability development. Information in appendix includes: questions sent to departments and agencies in May 2000 to prepare the report; a glossary; the statement of APS values; and the APS Code of Conduct. This report is one of three companion volumes in the State of the Service series for 1999-00, the other two being the *Workplace Diversity Report 1999-00* and the *Australian Public Service Statistical Bulletin 1999-00*. All are available at <http://www.psmpc.gov.au> and from Public Service & Merit Protection Commission Edmund Barton Building, Barton, ACT 2600 Tel+61-2-62954444

Public Administration in the Service of Democracy - an Action Programme

Ministry of Justice, Sweden, 2000, ISBN 91-631-0147-5 (34 p.)

The purpose of Swedish central government administrative policy is to create forms of organisation, governance and management that pave the way for the three basic values of democracy, the rule of law, and efficiency, which are to be realised throughout the public administration. This action programme discusses fundamental conditions (including the state as a model employer and the various legal foundations for a shared administrative culture) and specific government measures for long-term development of the public administration. Available at <http://www.justitie.regeringen.se/inenglish/Pressinfo/publications.htm> and from:

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Managing Public Expenditure in Australia

By John Wanna, Joanne Kelly, John Forster
Allen & Unwin, 2000, ISBN 1-86448-713-5 (352 pages)

This book provides an analysis of Australian government budgeting and the politics of the budgetary process. The authors examine debates and reforms in public finance from 1949-2000 and assess their impacts on policy development. In tracking the way governments actually spend money, the book provides an alternate and complementary political history of Australian federal government over the past forty years. It also includes discussions on budget theory, financial management in government, debt and deficit reduction, and new resource management techniques. Available at <http://www.allen-unwin.com.au> and from:

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Knowledge management in the public sector Conclusions of a high-level forum

On 8-9 February 2001, the OECD Centre for Educational Research and Innovation (CERI), PUMA, the Danish ministries of Education, Trade and Industry, and Finance, and Learning Lab Denmark co-organised a high-level forum on "Knowledge Management: 'Learning-By-Comparing' Experiences from Private Firms and Public Organisations". Around 100 private and public sector managers, policymakers and academics attended this forum.

While there is evidence that most leading private sector firms are now actively pursuing knowledge management, many doubt that the same systematic organisational changes are taking place in public service organisations in OECD Member countries. Knowledge management has always been at the core of government work — inseparable from strategy, planning, consultation, and implementation — but governments are now at risk of falling behind practices of leading-edge private sector companies. In a knowledge-intensive economy, this situation can lead to reduced citizen trust in their public sector and decreased competitiveness of public organisations — including in their recruitment.

Knowledge management challenges the public sector to modernise management, which will require, *inter alia*, flattening rigid pyramidal hierarchies,

linking performance pay and promotion to knowledge sharing, "opening up" to the outside world by getting the right information on all stakeholders, involving them in the decisionmaking process and strengthening connections with private firms, research institutes, universities, etc.

Knowledge management will create new opportunities for improved governance (through pressures for increased transparency), but will also create new challenges. Governments are increasingly required to make decisions on complex issues in order to satisfy more knowledgeable citizens: witness recent health and food scandals. Governments will be increasingly asked to provide the source of their information and to ensure that bodies providing information — and government relations with these bodies — follow good governance rules.

Holding the Executive Accountable: The Changing Role of Parliament in the Budget Process

The chairpersons of the parliamentary budget committees of OECD Member countries met at an international symposium on 24-25 January 2001 under the chairmanship of the Honourable Mr. Alain Lambert, Chairman, the Finance Committee of the French Senate. Delegates agreed that in modern conditions, good governance requires capacity and effectiveness in both the executive and legislative branches of government. Most crucially, this requires an active partnership around the budget — the major vehicle of both government policy and democratic control. To be effective, parliaments require timely, coherent and credible information from the executive on resources and performance. Several parliaments of OECD Member countries are re-examining their internal organisation and processes for the discussion of the budget. Parliamentary budget processes and policies support sound governance when they promote fiscal responsibility, transparency, a future orientation, as well as all the financial commitments which are not included in the budget, and when they demand credible information on the nature, cost and impact of public policies. Delegates encouraged the OECD to strengthen its work with parliaments. Delegates suggested a parliamentary budget information network, bilateral and multilateral exchanges of parliamentary staff, and regular meetings of the chairpersons of parliamentary budget committees of OECD Member countries. For more information, please contact michael.ruffner@oecd.org.

There is a risk of capture of knowledge by those with a strong voice to the exclusion of those without a voice (e.g. through the digital divide). This exclusion introduces knowledge biases and undermines principles of equity and efficiency in the public sector. Finally, there is also a risk that some might use the new knowledge management capacity for illegitimate political influence or for invading privacy.

This calls for a reflection on the possibilities for strengthening institutions and processes around the management of knowledge.

Information on knowledge management in the public sector will be published on the Web as products are finalised, including the full report of the Forum as well as background documents: <http://www.oecd.org/puma/egov/index.htm>.

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