

Focus

Public Management Gazette Number Five

This newsletter is prepared by the Public Management Service (PUMA) with the guidance of the Public Management Committee of the OECD. It appears quarterly: March, June, September, December.

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Senior officials discuss budget reforms at their annual meeting

Seventeen years ago, Directors of the budget offices of OECD countries formed a PUMA network. Since then, they have met once a year to consider various budgetary reform issues and exchange information on practical experiences. Their work has greatly contributed to PUMA's activities and produced numerous publications. At this year's meeting on 10-11 June, Chile and Brazil participated as observers. Outlined on this page are some of the topics discussed.

Old-age pensions

Reducing this expenditure has become a key budget issue in most countries. Pension schemes are operated on a pay-as-you-go basis with limited funding arrangements in place for future obligations. If present schemes are left

untouched, they will impose, in the future, major burdens on government budgets. Early action on this issue would minimise the adjustment costs associated with any changes in pension schemes and spread the burden more evenly between existing and future generations.

A number of reform options were discussed at the meeting. They included:

- reducing eligibility (e.g. raising the retirement age);
- reducing benefit levels;
- restructuring financial arrangements (e.g. increasing contributions); and
- privatising public pension schemes.

Reforming pension systems involves not only budgetary issues but also the

impacts on labour and financial markets. Reform also needs to be integrated with other social policies, and in particular with whole-of-lifecycle perspectives, on which such policies are increasingly based.

Choice of policy instruments

Policy instruments are the tools used by institutions that carry out public policy. They take the form of money (or "near money" such as vouchers), coercion (such as traffic laws), services, information or persuasion. Instruments are rarely classified in a systematic way, or examined as possible alternatives. This topic is part of the work programme of the PUMA Committee. At its March 1997 meeting, the Committee reviewed a draft document that proposed a taxonomy of instruments and suggested how different instruments might be evaluated. The study identified 22 instruments and grouped them according to the kinds of resources they use. The study also proposed six attributes to evaluate them: efficiency, effectiveness, equity, cost, intrusiveness and accountability. The June meeting was an occasion to draw on the views of budget officials and integrate their comments in this ongoing work.

Chair's statement

The meeting concluded with a short statement by the Chair, who underlined major issues and summed up the discussions and their outcomes. The statement is on the PUMA Web site at <http://www.oecd.org/puma/mgmtres/budget/chair.htm>. ■

User charging

Governments are increasingly financing their services through user charging. The objectives are many: to reduce budget deficits, to make costs more visible, to impose discipline on user demands, etc. A PUMA study identified best practices for implementing user charging systems. At this month's meeting, senior budget officials reviewed the findings of the study and endorsed a set of best practice guidelines that will be submitted to the PUMA Committee in October. It will then be published as a PUMA Policy Brief and distributed to the readers of *Focus*.

Programme evaluation

In an environment of emphasis on outcomes and outputs, rather than input controls, countries are paying increased attention to assessing the effectiveness and efficiency of government programmes. This topic is the subject of a new PUMA study. A group of officials is providing assistance in this work, which looks at ways of using programme evaluation as a decision-making tool. Budget officials considered a report on this topic and discussed it from the budgeting perspective.

Civil service change in Ireland

In this issue, we visit Ireland. Eric Embleton, Assistant Secretary at the Department of Finance and a PUMA Committee member, made a presentation at the Committee meeting in March 1997. He gave an overview of Irish reform initiatives in the 1990s, beginning with the "Strategic Management Initiative" and followed by a broad reform policy, "Delivering Better Government." Below is a short summary of this presentation.

The Irish reforms of the 1990s were preceded by an attempt at reform in the mid-1980s. An initiative called Serving the Country Better was launched. It was largely conceived and driven from the centre, without fully involving lower levels and gaining their support. This limited its impact.

A grassroots effort

A period of budget crisis forced staff reductions in the civil service. As fiscal pressures and public complaints grew, a group of senior officials (assistant secretaries) began meeting informally to discuss what they could do to improve the functioning of the administration. Later, building on this effort, they formally launched the Strategic Management Initiative, a non-ideological approach aiming strictly at improving management.

Strategy statements

Departments began to develop strategy statements focusing on three objectives:

- contribute to national development;
- provide excellent services; and
- use resources effectively.

The approach is formalised

This time, a formal co-ordination group was established. It included permanent heads (secretaries) of nine departments (ministries). Its role was to facilitate the process, review and evaluate strategy statements, recommend how interacting strategies might be co-ordinated, recommend changes to en-

able better management, and report their recommendations to the government for a decision. The group based its work on a consultative approach, rather than imposing requirements and solutions. This collegial style motivated departments, giving them discretion on how to incorporate the group's suggestions.

Timeline of reform

1985 - *Serving the Country Better*
 1992 - *Strategic Management Initiative (informal phase)*
 1994 - *Strategic Management Initiative (formalised)*
 1996 - *Delivering Better Government*

Encouraging results

The outcome was positive: units began to focus more on strategic issues and objectives, and attempted to improve policy formulation and evaluation and respond better to client needs. The initiative led to stronger commitment to management improvements and created a better understanding for reform dynamics. It became apparent that further steps were needed to prevent units from continuing to operate within the status quo, in a static framework, seeing the future as a projection of the past. The initiative also identified barriers to improve-

ments, such as a lack of control over resources at the departmental level, or over human resources management practices, etc.

A further step

As a follow-up to these concerns, a new initiative was launched: Delivering Better Government. It had two main objectives: better government for the people, and internal management improvements. This agenda for change shaped some concrete actions. For example, the central group of nine officials was extended to a group of 21 people, including non-civil servants, and a consultative, participative process was created.

Working groups lead the way

Working groups composed of both civil servants and people from the private sector were formed to address specific topics, such as service quality, transparent service delivery, human resources management, financial management, information technology and regulatory reform. Three "front-line" groups composed of lower, middle-management and clerical grades were also formed to address issues at the front line of service delivery, training and development, and information technology.

Change is occurring

As a result of the Strategic Management Initiative, Ireland's civil service began to change. Strategy statements are now available to the public. Multi-annual budgeting has been adopted. A major piece of legislation, the Public Management Bill, has been introduced to clarify ministerial, departmental and secretarial responsibilities and political-administrative relationships. Other developments will be reported in future issues of *Focus*. ■

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The panoramic view provided by Mr. Embleton underlines a number of important facts. Reform does not happen overnight. It is a learning process. It requires time to find an identity, and evolves step by step.

Top-down approaches that impose reform have their limitations. Reform movements that naturally emerge from within the public service have a better chance of surviving and succeeding.

This summary text is also available on the PUMA Web site in Focus On-Line, but with an additional feature: a detailed calendar that gives the dates at which main reform initiatives were introduced.

●New governance projects

The **Finnish** government set up a committee in May 1996 to develop a strategy for governance in the public sector. As part of this initiative, the Ministry of Finance formed four working groups. They focused on the functioning of the Council of State (i.e. the government of Finland), "ownership management" (managing the State's responsibilities), the central co-ordination of social security matters by the Council of State, and auditing, supervision and evaluation. Two new working groups became operational this year. One group will look at the organisation of central government, and assess the functions and structures of ministries and their agencies. It will define general guidelines, propose ways to improve the steering function and leadership, consider overlapping functions and suggest how to streamline central government. The other group will work on personnel policy and look at the role of the State as an employer.

●Action plan for modernisation

Last September, the **Hungarian** government adopted a modernisation strategy for the public administration calling for short-term action programmes. This year, the government defined an action programme to cover 1997-98. It outlines four priority areas of action:

- deregulation and review of existing rules and regulations;
- renewal of the machinery and organisation of central government;
- further development of local government and reform of the regional organisation of the central government;
- setting limits to staff numbers and improving personnel quality.

●Reforming the administration

Poland is transforming its economy. However, a growing gap is beginning to emerge between the functioning of the State and the requirements of a market economy and modern democracy. To address this, the government has defined a reform strategy giving priority to restructuring the centre of government both in administrative and economic terms. This includes improving the functioning of the Prime Ministry and the Council of Ministers and creating some central bodies, such as the Office of the Prime Minister, the Ministry of Economy, the Ministry of the Interior and Administration, etc. Some authority has been shifted to central government representatives at county level. A new public service law is also being implemented.

●Restructuring the system

The **Czech** government is restructuring its administrative system, abolishing certain ministries. For example, the functions of the former Ministry for State Property and Privatisation were transferred to the Ministry of Finance, and those of the former Ministry of Economy are now carried out by several ministries. The Office for Legislation and Public Administration was also abolished, and its legislative responsibilities were shifted to the Ministry of Justice. No agency is yet responsible for administrative reform, because this is seen as a cross-cutting function, involving all government bodies. However, it is probable that eventually the Ministry of Interior will be asked to take on this responsibility.

●Modernisation network

The **Portuguese** government has created a network made up of the modernisation units of ministries. The network reports to the Deputy Prime Minister. It promotes modernisation, debureaucratisation and simplification, and ensures that government bodies participate in these efforts. Recently, the network reviewed administrative licences with a view to simplifying them. It is also undertaking work on service quality.

●Administrative Reform Council

In November 1996, **Japan** established a high-level council headed by the Prime Minister. Its task is to study how the government should function in the 21st century, how ministries and agencies should be reorganised and how the Cabinet Office should be strengthened. Members of the Council include the Head of the Management and Coordination Agency, a senior advisor to the Prime Minister, businessmen, representatives of labour unions, journalists and scholars.

●Speeding up modernisation

Greece began to restructure public enterprises and public entities, and to redefine their relationship to the government. This effort aims at speeding up modernisation. The objectives are to:

- secure independence in management and the recruitment of qualified people;
- increase efficiency and service quality;
- set targets linked to economic goals and criteria; and
- develop business plans.

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You may have noticed that this issue of Focus is different. This is a result of the Committee's evaluation (see the Back Page). Now, Committee members send information as soon as new developments occur.

Almost immediately it is put onto PUMA's Web site. Focus On-Line carries the full story with all available details. Later, a summary of the information is reported in Focus, the Public Management Gazette.

The primary role of the Gazette is to disseminate information on current events in public management improvement and reform in OECD countries (please see the next Page Break for further notes on changes).

●Accrual budgeting

A study conducted for the **Australian** government looked at the question of introducing accrual budgeting. The study concluded that an accrual-based integrated budgeting, accounting and reporting framework should be adopted to reflect full costs of activities and not only planned cash expenditures. This framework would have an explicit focus on outcomes and outputs. Budget documents would comprise a budgeted operating statement, a budgeted cash flow statement, a capital budget and a budgeted balance sheet. The government has agreed in principle to introduce this framework, and expects it to be fully operational in mid-1999.

●Multi-annual budgeting

Last year, the **Irish** government announced that a multi-annual budgeting system would be introduced involving three-year benchmark projections. The 1997 budget now contains projections for the main economic and budgetary aggregates for 1997, 1998 and 1999. They include the cost of maintaining the existing level of services and the commitments recently agreed with social partners. The projections also include a contingency provision for unforeseen factors.

●New accounting system

Italy launched, two years ago, an experiment with accrual accounting. This was a major component of the budget reform, which was considered one of the most important institutional reforms being introduced. The aim was to make the objectives and actions of organisations more transparent. The experiment produced a single plan of accounts for the entire administration. This initiative introduced a focus on results and largely improved control mechanisms.

●Reforming financial control

Since the late 1970s, **France** has steadily been “deconcentrating” its central administration, giving more authority and shifting responsibility to regional units of the central government. Some functions, however, designed at a highly centralised period, remained unchanged. One of these functions was financial control. It needed to be redefined within the context of deconcentration, but also to be brought in line with the general trend of modernisation and simplification introduced into the management of public resources. This reform has been implemented in three phases. First, an experiment was conducted in 1995 in two regions to judge the feasibility of the initiative. As the outcome was positive, the reform was extended in 1996 to eight new regions. Finally, this year it has been generalised to cover all regions.

●Presenting the budget

Last year, the **French** Ministry of Economy and Finance submitted a CD-ROM to the Parliament together with the 1997 draft budget proposal. It contained a general presentation of the draft, a database related to budgetary details, and methodological notes on procedures which govern the preparation and discussion of the draft. This innovation is expected to give both the Parliament and the ministries a computerised instrument for making budgetary choices. This experiment was undertaken as part of the effort to improve the presentation of the draft budget and make it more accessible. Other improvements introduced in budgetary documents include a reduction in their volume, better readability, a more attractive layout and more clarity in linking resources to specific activities in sectors.

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●Border issues

Among its other responsibilities, the Administrative Reform Committee of **Japan** also looks at the question of borders between the public and private sectors. In December 1996, it suggested standards for appropriate administrative intervention. These standards have received wide-spread acceptance and will be used by ministries and other government units during programme development and the budgetary request process.

●Public-private interchange

Interchange schemes between the two sectors are not new in the **United Kingdom**. Secondments and joint training programmes have existed for many years as a way to foster personal development and also to learn how to respond to challenges common to both sectors, such as project management and customer service. But despite the qualitative success of these programmes, there was too little interchange overall, for various reasons. For example, smaller units offer fewer opportunities for interchange, and staff are reluctant to accept lengthy absences from their jobs. As a result, only about 1500 public servants are seconded per year, and around 600 outsiders join the public service each year. A panel that studied the problem last year concluded that these schemes contributed greatly to personal development and national competitiveness. The panel suggested a number of practical measures to improve this programme.

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A few words on Focus On-Line. This electronic newsletter has also changed since May. It has three main components: Focus Hot File, Focus Compendium and Focus Quarterly.

Focus Hot File is a monthly output, updated and published the second Monday of every month. It gives in-depth coverage of recent initiatives undertaken in OECD countries.

Focus Compendium contains items from previous issues of the Focus Hot File. Focus Quarterly has selections from the Gazette. (For more information, see the next Page Break.)

●Rewarding quality

In **Denmark**, the shift of attention from inputs to outcomes has made quality a subject of major concern and led the government to create the Danish Public Sector Quality Award in February 1997. The first awards will be given in November of this year. The inspiration came from the British and German initiatives. However, the Business Excellence Award was used as the model, its framework being "translated" into a public sector context. For example, political demands are interpreted and transformed into strategic goals for the institution. This model allows the award to be in line with the Danish and European Quality Awards and the professionalism they represent. All public institutions that have external users and budgetary and managerial responsibility can apply for the award. The evaluation is built on nine elements: leadership, people management, policy and strategy, resources, processes, employee satisfaction, customer satisfaction, impact on society, and business results.

●Awards and "benchlearning"

Austrian local authorities (4 cities and 3 communities) participated in the Speyer Quality Award. This was the first time that Speyer, the well-known German school of public administration, opened its competition to all German-speaking countries. There were 48 applicants in all. Three Austrian participants received an award for their modernisation initiatives. The final presentation of awards took place in December 1996 in Speyer, and at the end of January 1997 another ceremony was organised in Vienna. However, this exercise, which can be characterised as an international benchmarking effort, is also a "benchlearning" event, because taking part in it is, in itself, a learning process. Thus, all participants are winners.

●Partnerships solve problems

In the **United States**, labour and management began to form partnerships to co-operatively solve problems, implement changes and jointly resolve worksite issues. The outcome is better service to customers and savings. Partnerships are generating millions of dollars in savings from direct improvements in productivity and by avoiding the high costs of litigation. Partnerships transform adversarial relationships into collaboration, making both agencies and unions committed to the concept of high-performing, customer-focused organisations. Partnerships use Alternative Dispute Resolution (ADR) techniques. The Department of Education, the US Mint and the Corps of Engineers, to name a few, have achieved important savings.

●Agreement-making

In **Australia**, a new approach to agreement-making places greater emphasis on workplace relations at the level of individual agencies. Currently there is a single agreement covering over 130,000 agencies and departments (ministries) performing widely divergent roles. Under the new arrangement, individual agencies are given important human resources responsibilities. These responsibilities cover improving people management policies and overall performance; but, most importantly, they also include remuneration. This aligns human resources management strategies more closely with organisational goals.

●Criteria for investing in IT systems

In order to ensure maximum return on investment, the **United States** federal government established a set of criteria to be used during budget allocation for information technology. Agencies have been asked to use these criteria when they develop their requests for IT investment. According to this framework, investment proposals should:

- support core/priority functions that need to be performed by the federal government;
- be undertaken by the requesting agency only because no alternative private or public source can effectively support that function;
- support processes that have been simplified or redesigned to reduce costs and improve effectiveness;
- demonstrate a better return on investment than alternative uses of available public funds;
- be consistent with federal and agency information architectures;
- reduce risks;
- be implemented in phased, brief and practicable chunks;
- employ an acquisition strategy that allocates risk between government and contractor, using competition effectively.

Tax returns and the Internet

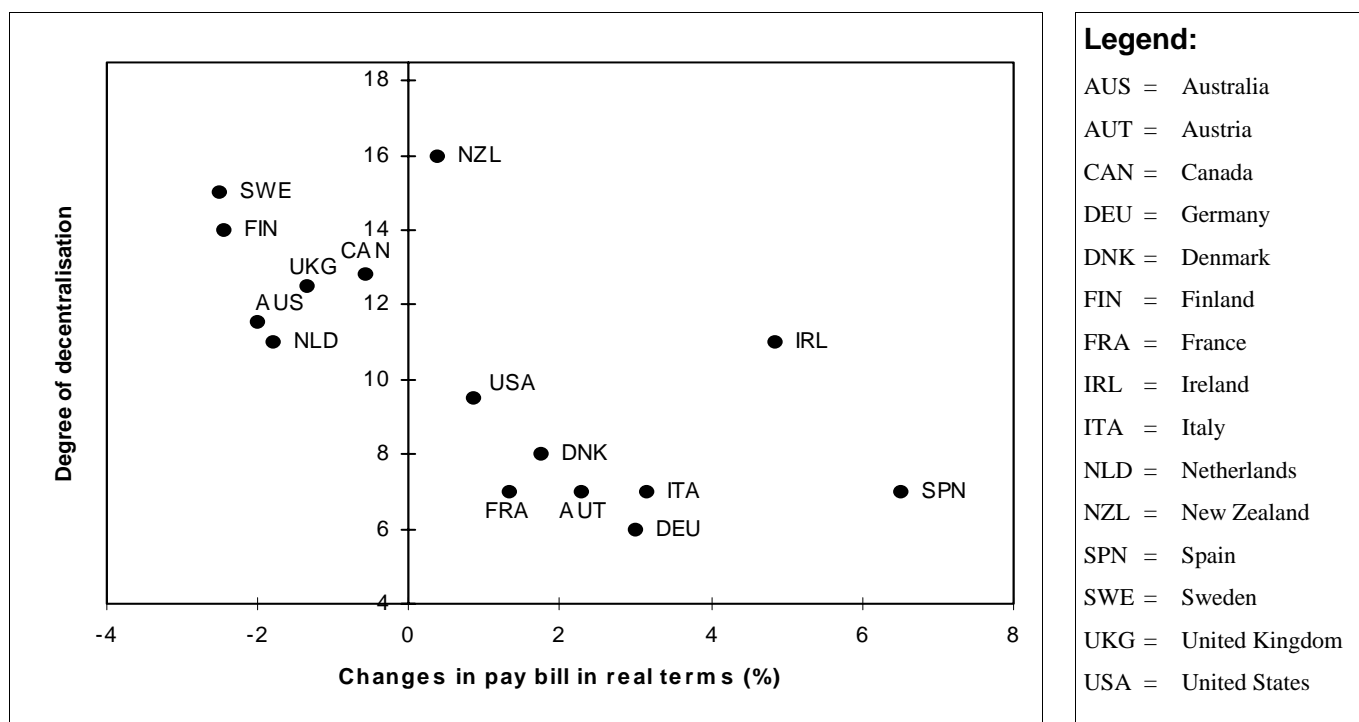
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A different relationship now exists between the paper and electronic versions of Focus. In the Gazette you will find the essence of the information reported by countries.

If, after reading this summary, you wish to have more details, you may consult Focus On-Line on the PUMA Web site. There you will find all available details.

Please take note of Focus's address: <http://www.oecd.org/puma/focus/>. Check the Focus Hot File or Focus Compendium for the information you need.

The reform of pay systems has an impact on the total pay bill



Can a centralised pay determination system in the public sector still be considered as a macro-economic instrument? While all OECD Member countries are pursuing similar objectives of economic stability, reduced public expenditure and effective public services, a growing number of countries have begun to decentralise their pay determination systems. In this context, *decentralisation* means the delegation of authority to lower government units in managing pay, including pay negotiations and flexibility in dealing with matters related to pay.

Do these measures have an impact on the total pay bill? A recent PUMA study on public sector pay looked at this issue and developed an evaluation tool in order to characterise the impact. This consists of an index that reflects the degree of decentralisation in pay determination. The index incorporates four criteria:

- the organisational level at which pay negotiations are conducted;
- decentralised management of pay;
- flexibility in pay bill adjustment at the central level of government; and
- flexibility in fixing individual pay.

Each criterion may be assigned a value of 1 as a minimum (implying a lack of flexibility, of decentralisation, etc.) or

4 as a maximum (for lowest organisational level, a high degree of decentralisation, flexibility, etc.).

The chart above shows the changes in the pay bill of 15 OECD Member countries during the last decade, and tries to establish a relationship between this change and the degree of decentralisation the countries introduced. The chart implies that countries that have reformed their pay system through delegation and decentralisation have also better controlled the evolution of their total pay bill.

However, it must be remembered that countries that introduced pay system reform have also implemented reforms in the provision of public goods and services, such as contracting out, market testing, the creation of quasi-markets, etc. These initiatives have reduced, to some extent, public employment and, therefore, the total wage bill. For example, the United States, which has not significantly decentralised its pay system, appears to have limited the increase in its pay bill to nearly the same extent as has New Zealand.

But an econometric analysis suggests that reforming the pay system has a greater impact on the pay bill than reducing staff numbers. ■

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The chart above raises an interesting question. Does devolution encourage better use of public resources? What is the role of decentralisation in cutting public expenditure?

The chart is from a forthcoming PUMA publication: Trends in Public Sector Pay in OECD Countries, 1997 Edition. This is an annual publication that results from an ongoing survey.

The survey generates a database that is updated annually. Its input is the public pay information provided by countries. The publication analyses and summarises this information.

Benchmarking and evaluation as management tools

A PUMA meeting held in November 1996 looked at recent developments in performance management. The papers and commentaries presented at the meeting are assembled in a PUMA publication, Benchmarking, Evaluation and Strategic Management. Some excerpts are given below.

Trosa -- The message that emerges from discussions is the need to develop a change management strategy. Reforming performance systems is a learning process rather than a quick fix. Most countries call for a guiding "framework" setting out fundamental principles. For example, should service delivery be outsourced? If so, why? Is a purchaser-provider model applicable to all situations? More discussion is needed on how to develop such a framework and create consensus around it.

Cowper & Samuels -- At the heart of reform initiatives in the UK has been the philosophy that value for money can be best achieved by a separation of roles between those who set the policy and those who deliver it -- between the purchaser and the provider. The focus is shifting now from specifying the use of particular efficiency tools towards allowing organisations to select the techniques most appropriate to their circumstances. This freedom, however, is within the context of moving towards measuring organisations' performance, as a means to identify good practice and encourage the pursuit of improvements -- i.e. benchmarking.

Dahlberg & Isaksson -- Reform efforts are gaining momentum in Sweden because of increasing difficulties in financing the public sector, coupled with pressures caused by globalisation. The response has been the assimilation of new methods for improving performance, and international benchmarking has gained prominence as a performance management tool. For example, one fourth of government commissions have made international comparisons of a benchmarking character. There are several factors encouraging this development, such as increased globalisation, the absence of domestic comparators, the quest for competitive alternatives, the widening scope of debate and deliberation.

Holkeri & Summa -- Different objectives may motivate evaluation. One factor may be assessing the success or failure of certain reforms introduced in the past. Another factor may be to assess the performance of reformers. A third may be the need for establishing the basis for better informed policy choices, and getting a picture of the reform

programme's impact. In the Finnish case, the last of these factors was the most important one. The objective of the evaluation programme launched in 1995 was more forward-looking than backward-looking: where are we now and what should be done next.

Matheson, Scanlan & Tanner -- The trigger for New Zealand's strategic approach was the realisation that effective public governance requires the capacity to design long-term solutions to complex problems. We have coined the concept "the purple zone" to describe how the strategic approach works. It is the arena of conversation between ministers and their senior officials which ensures that attention is being paid to the government's priorities. The red and blue zones, and the purple zone in which they blend, encapsulate the total performance management system. The trick is to maintain an optimal balance between direction, control and the autonomous energy of individual managers.

Words & Concepts

What is *benchmarking*? It is about finding an organisation that is best in your field, studying how it achieves its results, making and implementing plans to improve your performance, and evaluating results. In other words, it is identifying and implementing best practice. Initially, the focus of benchmarking was on comparing processes. Now, it has evolved to cover a range of methods, where comparisons are a driver of performance. It includes comparing results against other organisations and standards for both evaluation and continuous improvement. The question is whether benchmarking is now used to cover too wide a range of methods.

Pedersen, Sorensen & Vestergaard -- Contract management, in operation since 1992, has been an important instrument for the implementation of performance management in Denmark. Participating agencies committed themselves to meet certain results; in return they received freedom of action plus a budget guarantee for a number of years. Contracts led to increased performance. They acted as a hub for reorganisation processes and efficiency activities. Provision of information to the public was strengthened. The departments gained improved insight into the workings of the agencies, that led to a more holistic, all-round dialogue. Contract management proved to be a useful tool for changing agency priorities. ■

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Contributors above are S. Trosa, Australian Dept. of Finance; J. Cowper & M. Samuels, UK Office of Public Service; L. Dahlberg & C. Isaksson, Swedish Statskontoret; K. Holkeri &

H. Summa, Finnish Ministry of Finance; A. Matheson, G. Scanlan & R. Tanner, New Zealand State Services Commission; P.K. Pedersen, H.D. Sorensen & J.B. Vestergaard,

Danish Ministry of Finance. For a free copy of the publication, contact the address on the Back Page. The text is also on the Web at: www.oecd.org/puma/online.htm.

A few words of warning. Terms may carry different meanings in different cultures. "Controlling" does not mean supervision in Germany, Austria and Switzerland: rather, it is a performance management technique borrowed from the private sector. And in Japan, "inspection" means performance auditing and effectiveness evaluation.

●Introducing controlling

Austria has launched a performance measurement project at four federal ministries (Finance, Justice, Agriculture and Social Affairs). The aim is to build an effective controlling system. After a final evaluation, a set of procedures will be developed and the scope widened to cover all federal units.

●Training for controlling

In order to create an awareness and a better understanding for controlling, **Austria** has developed a 15-day training programme for public sector managers and officials who are asked to be controllers. It covers theoretical and practical aspects of controlling, its instruments, the way it can be implemented, performance indicators and cost accounting systems.

●Personal performance

This item is also about performance management: the personal performance of staff. As part of the new reform initiative launched in **Ireland** work is under way to design a system for use throughout the public service. It aims to meet overall needs while being responsive to the specific management culture of each unit. Staff and unions will be consulted on its design.

●Administrative inspection

The Management and Coordination Agency of **Japan** has responsibility for conducting efficiency, effectiveness and service quality inspections at government units or organisations that receive public funding. In early 1997, an administrative inspection programme was developed. It gives priority to inspecting:

- government enterprises and special or chartered corporations, to rationalise their operations;
- non-profit corporations, to ensure their proper management;
- social infrastructure building projects, to reduce budgetary outlays and ensure efficient use of funds.

Performance management has become an important government priority

●Managing performance

Iceland is introducing performance management throughout the entire central government. At present, information meetings are being held, and it is expected that the system will be fully operational by end 1998. Ministries are beginning to develop 3- to 5-year frame agreements with their agencies. Using the guidelines set in these agreements, agencies formulate 3- to 5-year operational plans. Ministries review them and suggest priorities and performance benchmarks. This work becomes the basis of annual operational plans. At this stage, budgetary targets are introduced. Finally, at the end of each year agencies report the outcomes of their operations.

●New controlling instruments

Several pilot projects undertaken in **Germany** are testing new controlling instruments. First, performance targets are discussed with the heads of government units. After agreement is reached, procedures are developed to ensure that targets can be met. This is followed by quality and efficiency assessment. If a mismatch is observed between targets and results, discussions are conducted to understand what has gone wrong and why, and procedures are adjusted accordingly. This process aims at maximising potential, ensuring a higher degree of transparency, increasing awareness of roles, encouraging delegation of authority and creating a mode of continuous dialogue within units.

●Budget and performance

Mexico's budget reform has two new features: the improvement of its structure and the introduction of performance indicators. The existing structure of the budget, although it incorporates "programmes", does not allow it to be used as a management tool. The new initiative, called NEP, has a changed programme structure, and will be operational as of January 1998. NEP will offer managers an effective tool and facilitate costing of policies and activities. It will incorporate — apart from quantitative information — qualitative aspects such as objectives, performance indicators, targets, responsibilities and accountability for outcomes. In line with the work on NEP, consultants with international experience are developing a set of performance indicators. These will be used as the basis of performance contracts. Another aspect of the preparatory work is the training of unit heads and administrative staff.

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Focus On-Line's new framework has two advantages: more detailed information, more often. Texts in the Focus Hot File appear in their original language (English or French), often accompanied by translated summaries prepared for the Gazette.

When looking for more information, first check the Focus Hot File and look at the list of articles. If the item you want is not there, go to the Focus Compendium, where previous Focus Hot File articles are arranged by country.

A final remark: Focus, the Gazette should reach you the last week of June or the first week of July. Please note that full texts of some items from this issue will not appear in Focus On-Line until 14 July.

● **Information disclosure**

As a response to growing demands for increased transparency, the **Korean** National Assembly enacted a law on disclosure of government information. Exceptions include information that can be used against the national interest, such as matters of national security and foreign affairs, and information that can be harmful to other persons.

It is hoped that the act will be a deterrent to corruption and wrong practices.

● **Access to information**

The Code of Practice on Access to Government Information introduced by the government of the **United Kingdom** in 1994 was revised this year to bring more clarity. In addition to personal information, access is also provided to facts and analysis with policy decisions and the reasons behind them; guidelines on units' dealings with the public; and the cost, targets and performance of public services. Exemptions only exist where a harm test shows that public interest in confidentiality outweighs public interest in disclosure.

● **One-stop shops**

As an experiment, two centres were created in **Portugal** to help enterprises deal with administrative formalities. A full-time notary public is available to assist companies, and the centres have a direct link to the computer systems of the tax and social security offices.

● **Complaint books**

Portuguese government units now provide complaint books in offices open to the public. Each complaint registered by citizens is automatically sent to the cabinet of the relevant minister. Meanwhile, the unit concerned may rectify the problem.

● **Closer to the citizen**

A series of measures have been introduced in **Greece** to bring the administration closer to the public. One initiative is the creation of a central telephone service for citizens who want to receive a copy of any official document. Units will also be responsible for obtaining the necessary documents from other units, instead of asking the citizens to do so. Disabled citizens are the focus of another policy, which aims to facilitate their dealings with units. A further initiative is the creation of the Ombudsman institution. The Ombudsman will be elected by the Parliament for a mandate of 5 years.

Governments are using the citizen focus as a major lever for administrative change and improvement

● **Information campaigns**

Are public information campaigns effective? This question has been asked in **Norway** for many years. To ensure that systematic thinking is introduced into campaign planning, the Ministry of National Planning and Co-ordination asked the Central Information Service to develop a checklist as a normative reminder. The checklist is based on several questions, such as "What is the real problem? Is it an information problem? What do we want to achieve? Can information alone solve the problem? Should information be used together with other instruments?" These questions lead the user from an analysis of the situation to an evaluation.

● **Better consultation**

In **Norway**, all official studies, draft regulations and reform proposals must be submitted to the public. The aim is to obtain feedback. The general rule is to give 3 months of reaction time. A recent survey showed that this rule was respected in only 21 per cent of cases. Furthermore, although this deadline cannot be shorter than 6 weeks, in 26 per cent of cases the allowed reaction time was shorter. As a result, the government took measures to fully enforce the rules.

● **Government information**

The Administrative Reform Committee of **Japan** submitted to the Prime Minister its views on making government information accessible. This is seen within the context of the high priority given by the government to administrative reform. A draft law will be submitted to the Diet before the end of the year.

● **The public as customer**

The **Dutch** Tax Administration gives high priority to serving the public. It has created a series of mechanisms to achieve this goal. Members of the public may call a special number to obtain information on tax obligations. This service received over 1 million calls in 1996. The public can also consult the Administration's Web site and order specific brochures. Tax returns can be filed electronically using a special diskette provided free of charge; in 1996, 400,000 taxpayers used this option. The administration began to conduct public opinion surveys on service quality. Consultation on new initiatives is a top priority. Finally, the Administration has developed simulation models to calculate the quantitative impact of proposed changes to legislation.

Page Break

In the previous issue, we announced in that the PUMA Committee would conduct an evaluation and decide whether or not to continue the publication of Focus.

Afterwards, we received numerous calls, faxes and electronic messages from our readers, who expressed their support and concern and wanted to know whether Focus would continue.

This interest was rewarding and heartening, and we thank you all for your support. We aim to improve continually, and hope Focus will better serve your needs and interests.

Budget and finance on the Web

Ministries (or departments) of finance and budget are busy building Web sites. These sites allow the reader to access the country's budget, to understand better its budgetary system and priorities, and sometimes to find information on public management initiatives. In addition to pages in the national language, some countries also produce summary pages in English; these range from one page of information to the full text of certain official documents. Some pages are regularly updated, while information on others is six months old. Here are a few examples.

<http://www.meh.hu> (Ministry of Finance, Hungary)

English versions of the Ministry's publications are listed on this site.

<http://www.fm.dk/eng.htm> (Ministry of Finance, Denmark) Press releases from 1996 are given in English. An organisational chart of the Ministry shows the names of unit managers. Links to other ministries are also available.

<http://www.minfin.nl/home.htm> (Ministry of Finance, The Netherlands) The site is in Dutch, but taxation information for foreign businesses is also given in English.

<http://www.stjr.is/en/fjr/fjren01.htm> (Ministry of Finance, Iceland) This site has some materials in English, including general information on the Ministry, a note on fiscal developments in 1996 and the outlook for 1997, a report on restructuring the public sector, and the text of the Minister's speech at the Ministerial Symposium on the Future of Public Services organised by PUMA in 1996.

http://www.mofe.go.kr/enfin_0.html (Ministry of Finance and Economy, Korea) The English version of the site gives the organisational structure, lists reports and publications, and informs on new developments.

<http://www.shcp.gob.mx/english> (Ministry of Finance and Public Credit, Mexico) Information on the Ministry (structure, units, economic policies, press releases and speeches), new developments and investor information are available on this site.

<http://www.mof.go.jp/english/index.htm> (Ministry of Finance, Japan) These pages offer financial information including economic and financial indicators, international comparisons, the text of some official documents, and some administrative information.

<http://www.oecd.org/puma>

This, as you know, is the address of PUMA's home page. Recently there have been important changes in this site. For example, *Focus On-Line* is now radically different, as explained in the Page Breaks of this issue. There are also some new features on the Web site:

- <http://www.oecd.org/puma/online.htm> (Access to free PUMA documents including the Ministerial Symposium publication, guidelines for contracting out, ethics case studies, etc.)
- <http://www.oecd.org/puma/country/index.htm> (Information on general trends and developments in countries, taken from a recently published PUMA book entitled *Issues and Developments in Public Management*.)
- <http://www.oecd.org/puma/stats/index.htm> (Public sector statistics that provide one means of evaluating the size of general government.)

Visit these pages. We are certain that you will find them interesting. Please be sure to bookmark them, as they are updated regularly.

Other government Web sites are more extensive:

<http://www.vn.fi/vn/vm/english/mof.htm> (Ministry of Finance, Finland) This comprehensive site includes information on the Ministry and units that report to it (such as the Institute of Public Management, Statistics Finland and some state enterprises). It also offers notes on state finances, the budgetary framework up to 2001, the Finnish convergence programme and a summary of the budget proposal for 1997.

<http://www.irlgov.ie/finance> (Department of Finance, Ireland) These pages explain the mission of the ministry (promoting international competitiveness and internal efficiency, managing the process of resource generation and allocation, achieving improvements in efficiency and effectiveness), provide information on organisational details and publications, display the 1997 budget, offer monthly economical bulletins and summarise the programme for change in the civil service.

<http://www.treasury.govt.nz> (The New Zealand Treasury) This site has pages on what's new in the Treasury, its organisation and publications, media releases, economic indicators and recruitment. It also provides links to other government sites, national and international.

Page Break

More and more, governments are using the Internet to make information about themselves accessible not only to their citizens, but to any interested person in the world.

For example, one can find on the Web itemised and detailed budgets of national and local governments, including their performance targets and indicators.

Focus will continue to feature sites of interest in every issue, including those of other ministries of finance. See also the PUMA links pages at <http://www.oecd.org/puma/links.htm>.

Quality Services: A Progress Report 1996

Treasury Board of Canada, Ottawa, 1997 (55 pages)

Keywords: *service delivery, client satisfaction, service standards*

This progress report on quality services highlights departmental progress to date to improve Canadians' satisfaction with the quality of services the federal government delivers. Four guiding principles are applied in the federal departments: client involvement, leadership, employee involvement, innovation. Specific examples are given for several departments. The report is available on the World Wide Web at <http://www.tbs-sct.gc.ca/tb/annrepe/quality/anne.html> or from:

Innovative and Quality Services Group
Treasury Board Secretariat
140 O'Connor Street
Ottawa, Ontario K1A 0R5

Getting Government Right: Governing for Canadians

Treasury Board of Canada, Ottawa, 1997 (19 pages)

Keywords: *government expenditure, fiscal policy, service delivery*

In 1993, the Canadian government began restructuring its administrative systems to respond to the needs of Canadians. *Getting Government Right* is a status report and a description of the tools being used to take control of government spending and to transform the structure of the Canadian public service and the programmes it offers citizens. The report is available on the World Wide Web at: <http://www.tbs-sct.gc.ca/tb/ESTIMATE/estlste.html> or copies can be obtained from:

Canada Communications Group - Publishing
Ottawa, Ontario K1A 0S9
Telephone: +1-819-956-4802 Fax: +1-819-994-1498

Survey of the Austrian Economy 96/97

Federal Chancellery and Austrian Museum for Economic and Social Affairs, Vienna, 1996 (71 pages)

Keywords: *statistics*

This annual report presents a picture of the Austrian economy and its international position in all important sectors. The most recently available material is used. The data is presented in diagrams and tables, and long commentaries are avoided. Copies are available from:

Austrian Museum for Economic and Social Affairs
Vogelsangasse 36
A-1050 Vienna Fax: +43-1-545.3209

Report on Government Service Provision (The Scales Report: 1997 Report of the Steering Committee for the Review of Commonwealth/State Service Provision)

Commonwealth of Australia, Melbourne, 1997
(Two volumes: 336 pages and 847 pages)

Keywords: *service delivery, performance monitoring.*

The Australian community, through the political process, has identified a range of services they want provided by various levels of government. This report is the second of a series of regular publications in which information is presented on the effectiveness and efficiency of a number of government-funded (and largely government-provided) social services. The focus is on human services — that is, those services that directly affect Australian individuals and families — such as education and training, health, housing, community services, and law and order. The role of this report is to ensure that information on the performance of government agencies in meeting their service provision objectives is readily available and transparent. The report is available from:

Steering Committee for the Review of Commonwealth/
State Service Provision - Industry Commission
LB2 Collins Street East Post Office
Melbourne, Victoria 8003
Tel: +61-3-9653.2100 Fax: +61-3-9653.2199
E-mail: gsp@indcom.gov.au

The first report in 1995 and other information are available on the Internet at <http://www.indcom.gov.au/research/service/index.html>

The Blair House Papers

W.J. Clinton and A.Gore, Washington, DC, 1997 (43 pages)

Keywords: *reinventing government, National Performance Review*

In 1993, President Clinton and Vice President Gore launched "Reinventing Government", a programme to make government work better and cost less. In January 1997, the President and Vice President gave instructions to the new Cabinet on how to continue the success of that programme. These Blair House Papers are grouped under three main themes, with examples in each: deliver great service; foster partnership and community solutions; reinvent to get the job done with less. The book is available on the World Wide Web at <http://www.npr.gov> or from:

National Performance Review
Washington, DC
Telephone +1-202-632.0150

Page Break

Governments are important publishers. Apart from laws and decrees, they also publish policy papers and reports that contain valuable information on practical experiences.

But it is sometimes difficult to know what has been published, by whom, and how copies can be obtained. For this reason, we have made this page a permanent feature of Focus.

Focus is the result of teamwork. The team members are Attila Alpöge, Claude Jacqmin, Marie Murphy, Andrea Uhrhammer and Deirdre Wolfender.

Three issues for debate

The Public Management Committee met in March to review its activities. Apart from its regular agenda items, the Committee also discussed substantive topics of major interest to countries: Transparency in Government: the Role of Public Information and Public Dialogue; Strategic Review and Reform; and Corporatisation: Improved Accountability and Performance. The Committee divided into three discussion groups in order to cover them. Below is a summary of the deliberations.

Transparency in government

This group focused on access to government information and approaches to consultation with the public on policy-making. Open access is seen as a way of promoting social cohesion, and an inherent part of democracy. All but one of the 16 countries participating in the discussion have freedom of information laws. However, country practices on the provision of information differ sharply. They range from virtually complete openness to making information available on an exceptional basis and requiring justification for requests. Country experiences with public consultation reveal both its merits and its risks. It plays an important role in the policy-making process, often helping to develop consensus for government decisions. However, it also increases the duration and cost of the process.

Strategic review and reform

Another group centred its discussions on three questions: the scope for government-wide versus sector-wide review and reform; the institutional arrangements for reforms and who should lead them; and what approaches countries are taking to review and reform. Answers depend on how strategic review and reform is viewed. It may be seen either as a comprehensive reform that calls into question both the role of government and the functioning of its institutions, or it may be limited to target-specific areas. While both are important, they require different approaches and mechanisms. For comprehensive reform a clear driver is needed, i.e. a political, budgetary, or economic crisis. Review of a more limited scope is linked to annual budget

reviews. Institutional approaches depend on the nature of reforms, ranging from co-ordination by the centre and/or by the Ministry of Finance to bottom-up reform. However, political leadership and commitment is seen as vital in all cases. Approaches range from "quiet reform," in which controversy is minimised by making changes without publicising them, to incremental shifts driven by the budget cycle, or to fundamental reviews of political processes and institutions.

Corporatisation

The last group considered the use of corporatisation as a management instrument to improve performance. However, definitions of corporatisation vary, encompassing virtually anything outside of direct operations within a ministry. In spite of differing definitions, several conclusions about the successful management of corporatisation emerged, including the need for:

- clear and consistent objectives;
- management autonomy;
- performance monitoring;
- effective sanctions and rewards;
- competitive neutrality with the private sector.

The promotion of competition is considered more significant than issues of ownership. Maintaining accountability is also a key issue: often ministers are considered accountable, but not necessarily responsible. ■

Focus will continue to be published

In the previous issue we said that the PUMA Committee would evaluate Focus's performance at the March meeting and decide whether or not to continue its publication. We are pleased to report that the decision was unanimous : Focus has a specific role to play and should continue to provide its service. The Committee also made some suggestions to further improve its coverage and format. These points are now being integrated, step by step, into the production of Focus, the Public Management Gazette.

An important outcome of the evaluation is the new approach to the relationship between Focus and its electronic counterpart, Focus On-Line. Previously, Focus On-Line was treated as a replica of the hardcopy newsletter. The full text of news items would arrive at the editorial desk of Focus, where summaries would be produced and published in the paper copy. Later, these summaries would be transferred, as is, onto the Web site. In other words, the full text would never be reported. This approach — reproducing printed versions in electronic form — was used by almost all news media. Very recently — since the beginning of this year — communications experts have begun to realise that this was a mistake. They point out that each of these two media has its own identity. They should not be copies of each other. Some newspapers began to separate the operations, publishing news first in electronic format without waiting for the production of the paper copy. Focus now follows the same path. The full text is made immediately available on Focus On-Line, and Focus, the Public Management Gazette offers a summary, directing the reader who wants further information to the main text on the Web site. ■

Please contact Focus at PUMA OECD
2, rue André-Pascal
75775 Paris Cédex 16 France

Fax+33-1-45.24.87.96
e-mail: pumcont@oecd.org