

# **PUBLIC SECTOR REFORM AND THE PUBLIC INTEREST**

**Marion McInnes**

Public sector reform has been part of Labor policy for many years. What is public sector reform? What form has it taken? What, if anything, has been achieved by the reforms of the past decade and what has been sacrificed in the process? As a means of assessing the claims of greater efficiency, accountability and equity often championed by political and bureaucratic advocates, three examples of landmark reforms in Commonwealth administration under Labor are examined:

- The introduction of Program Management & Budgeting (PMB) as the prime instrument of financial and ministerial control and public accountability;
- The effects of privatisation, deregulation and user-pays on certain basic services, and
- The abolition of the Public Service Board.

## **The Process of Reform**

The inclusion of public sector reform in Labor's 1983 election platform originated in a Party policy document *Labor and Quality of Government* (LQG) (ALP, 1983) that drew on the experiences of the Whitlam and Fraser years and a number of inquiries into Australian government administration. Most notable was the *Royal Commission*

on *Australian Government Administration* (the Coombs Report, 1976). Nine months after gaining office, the Labor Government tabled a White Paper, *Reforming the Australian Public Service* (Australian Government, 1983), and foreshadowed other reforms within the budget process and to statutory authorities. The goal was "quality in administration" and to this end the reforms centred around principles of probity, equity, stability and a general restoration of faith in the public sector (Dawkins, 1984:2151; ALP, 1983:5-6). Minister Dawkins introduced the reforms by stating, "The responsiveness, efficiency and accountability of Commonwealth administration have a major impact on the quality of Australian democracy." (Australian Government, 1983:1). To heighten the impact, the White Paper stated that the community gets the public service it is prepared to pay for (Australian Government, 1983:25). While restructuring was a reform objective, neither Party policy nor the White Paper identified cost efficiency or smaller government as dominant themes.

Reforms proceeded in three stages. 1984 saw the introduction of a collaborative process between management and unions to systematically restructure the operational and administrative efficiency of the Service. The aim was greater ministerial responsibility, improved policy advice and skills formation, effective resource allocation and employment equity. The general focal shift in public sector reform that occurred in 1986 was reflective of a much more fundamental shift in Labor policy. In the face of increasing ministerial concern with Australia's "economic crisis", public sector reform became the natural vehicle for a systematic rationalisation of administrative processes and state responsiveness. The public service became the target of efficiency drives as a means of permanent downsizing. Prefaced by a belligerent speech in the parliament, the Prime Minister argued that a "leaner more efficient public sector" based on "best private sector practice" was an essential precursor to a restructured Australian economy. Demanding that the bureaucracy become tough and hard-nosed in the essential drive towards economic restructuring, the task was to facilitate industry to achieve national objectives and reduce demands on the taxpayer (Hawke, 1986:1448, 1454). In the Minister's words, the Government intended to give a lead to the private sector through increased efficiency and better work

practices (Willis, 1986:2658-9). Legislative changes facilitated retrenchments and redeployment and devolved significant powers to departmental heads (Hawke, 1986:1451). The Prime Minister foreshadowed an Efficiency Scrutiny Program to systematically measure the public sector against private sector criteria, with a view to making less demands on the public purse (Hawke, 1986:1448).

The enactment of the 1987 *Administrative Arrangements Act*, immediately after the federal election, was merely a continuation of the 1986 initiatives. It changed the ministry into a two-tier structure and amalgamated departments to achieve economies of scale by removing perceived overlap and duplication. The Prime Minister argued that these measures did not signal the abandonment of social justice, nor did they represent an attack on the public service. They merely "increased the government's capacity to impose functional and strategic direction on government activity as part of economic reform" (Hawke, 1987b:46).

By 1987, the public sector was engaged in no less than four separate efficiency programs that resulted in funding and staff cuts, forced savings, program rationalisation and industrial unrest. In meeting the overall objective of greater productive efficiency, however, not one case was found for more staff, more funds or more services. By 1989, the Parliament was sufficiently concerned with the effects of efficiency drives on the energy and resources of the Service as to call them a force against efficiency and adaptability (Senate Standing Committee... 1989:31, 41-2).

## **Management & Budgeting**

Designed around uniform accounting principles sponsored by the OECD, Program Management & Budgeting (PMB) was incorporated into national accounts in 1988 (Budget Paper No. 3, 1988:1). It aims for a regularised system of fiscal management through formalised portfolio and program objectives, performance indicators (including productivity gains) and the rigorous control of outlays. It is an essential element in the Government's drive to enhance the power of

the executive over portfolios as a means of directing resources to strategic policy areas.

In the public domain, PMB is claimed to help Parliament appraise the relationship between the provisions sought by government and expected program outputs (Budget Paper No. 3, 1988:2). Following PMB reporting guidelines, Annual Reports and Budget Expenditure Notes are supposed to provide the layperson with an accountable and simplified guide to what government departments do and how much it costs.

Despite all the claims to a broader range of objectives, PMB is little more than a financial tool for harvesting savings and imposing fiscal restraint. Whereas PMB *might* offer a relatively useful system of financial scrutiny within those programs that have been commercialised, particularly when the "community service" value of basic utilities like a telephone are discounted, it raises serious problems in non-commercial, service delivery areas. PMB is so financially rigorous that it positively discourages consideration of more qualitative issues or long-range outcomes in favour of short-sighted preoccupations from budget to budget. The Expenditure Review process simply reinforces this result.

PMB also structures a system of uniformity across portfolios, regardless of functional diversity or the unpredictability of outcomes. All the elements that go towards the quality of a program are implicit, rather than explicitly defined as goals in their own right and resourced accordingly. Budget Papers and Annual Reports therefore remain sterile documents in any evaluative sense. PMB does not, for example, necessarily inform the reader whether funds are targeted to specific developmental or equity goals; it does not suggest funds are available for program scrutiny, nor does it suggest flexibility in meeting program shortfalls or additional needs. There are no program allocations devoted to client relations; no specific allocations for access and equity initiatives; no targeted training allocations; and no way of distinguishing how many staff as opposed to consultants or contract employees are resourced.

As the primary instrument of public accountability, PMB is therefore a problematic response and requires critical scrutiny. In particular, what elements are changed, lost or abandoned in pursuit of financial and systems efficiency? Three examples of the problems PMB poses are discussed below.

In pursuance of PMB, the Department of Finance initiated a *Financial Management Improvement Program (FMIP)* in 1986 that provided a logistical framework for managing available resources in a technically precise manner. Its aim was to make departments manage for results and to encourage management to think and operate more like their private sector counterparts through the efficient deployment of resources. It focussed on the *processes* of resource management, stating that management flexibility and efficiency was about the use of dollars and staff (Australian Public Service Board and Department of Finance, 1986:3, 4, 7). The Program did not qualify efficiency, nor identify any general commitment to the social aspects of public services. Neither did it recognise the complexity of those services or their diversity of outcomes. The emphasis was on formalising technical competence in budgetary control and reporting.

The consolidation of "running costs", is considered to be one of the most attractive and flexible aspects of the new system. "Running costs" consolidate departmental salary and administrative cost appropriations as though they are merely petty cash items. Consequently, there are no sub-program goals to meet essential corporate support functions such as research and development, technology services, staff training, etc. Administrative overheads are "buried" in program costs, or privatised. Hence the government can claim that overhead "savings" have been achieved. Often they are, but at the expense of service quality or rational outcomes. Public service travel, which was the subject of a controversial efficiency scrutiny, provides a good example of how overheads are both "buried" and privatised in the name of efficiency (Baker, 1988; Callioni, 1988; Senate Standing Committee..., 1989:42).

"Efficiency dividends" have also put an emphasis on year to year savings as much as on efficiency (Hawke, 1986:5; Senate Standing

Committee..., 1989:6). An outcome of the Efficiency Scrutiny Program, "efficiency dividends" provide managers with an incentive to focus on operational efficiency by allowing them to retain 1.25% of the annual savings achieved, together with discretionary power over how those funds are utilised. This is a problematic incentive on a number of grounds, not the least of which is the degree of unaccountable power and money it places in the hands of management. Nevertheless, in the highly controversial area of measuring productivity gains in human services, it has been claimed "efficiency dividends" demonstrate "ample justification for expecting an improvement in productivity" (M. Keating, 1989:12). In effect they create self-fulfilling prophecies.

Whereas the devolution of program and operational responsibility under PMB has concentrated the attention of management on purposeful "business-like" activity, it has also meant that the Government and the bureaucracy have become ill-equipped to respond to the demands of the recession and unemployment in a professional manner. This is reflected for example in a recent Social Security training initiative which is designed to provide unemployed youth with the necessary base skills to meet seasonal short-term demands within the Department for casual clerical staff (Blewett, 1992).

When decision-making processes are shaved back to the barest fundamental inputs and outputs, and systems efficiency is organised around targeted dollar goals, claims of accountability become much easier to justify. If ministers only have to be accountable and responsible for meeting financial targets and the bland Mission Statements that govern activity, the necessity for political dialogue and responsiveness is effectively scuttled. The nature of politics and public administration is itself depoliticised and ministers and their advisers merely claim accountability for proving they can manage the dollars allocated in a business-like fashion. Political Australia is

replaced by a corporate Australia that accommodates the "best private sector practice" slogan<sup>1</sup>.

What is striking about this formula is the absence of any recognition of benefit from a dynamic exchange of ideas between decision makers, operatives and socially constructed objectives. It explicitly excludes the unexpected - the demands and resource pressures of high unemployment, for example, as well as false judgements, and just plain oversight or ignorance. PMB enshrines the elite assumptions of the powerful, the privileged and the "expert" about uniform values, interests and experiences. The most arrogant of assumptions are the ones that drive economic policy; the assumption, for example, that the electorate is unwilling to fully fund social programs. For a group of national executives intent on facilitating "best practice" performance within Australia's emergent market-oriented economy, they display a disturbing ignorance of market operations and limitations. By reducing important principles and contested reforms to matters of mere technical precision, quantification or product identification, the PMB model encourages over-simplification, which in turn removes issues from the political agenda. PMB has thus achieved a remarkable mystification of processes and functions and facilitated an impenetrable centralisation of elite power coupled with a fragmentation of responsibility.

## Efficiency Outcomes and User Pays

The drive for public sector efficiency has had no greater companion piece than "user pays". It has done more to erode accountability and equity than specific privatisation and deregulatory strategies suggest. It has also underscored the inevitable tensions that are placed on all public sector functions to become economically productive. User pays is not merely the extension of a rational accounting framework for

---

<sup>1</sup> In more recent times, the "best private sector practice" catchphrase, pioneered by Prime Minister Hawke in 1986, has been toned down to the less political, but more politically correct "best international practice" slogan (Hawke, 1986: 1448, 1454)!

efficient managerial practice, it is the ideological sub-text of all policy decisions. It has become the justification for the erosion of Australia's progressive tax base, fostered a privatised retirement income policy, introduced unrelentingly rigid compliance tests for benefits and legitimised asset sales. In the process, it has systematically fractured the nexus between public finances and public service expectations. The discussion below highlights some of its multiple permutations.

Whereas "user pays" is reflected in many fee for service operations, it is in the ordinary functioning of government that its effects go mostly unnoticed. Services such as government publications (including Hansard) <sup>2</sup>, freedom of information, and ABS statistical data now operate on "user pays" principles. Such charges not only place a direct, discriminatory cost burden on the public for accessing basic information, they place an incentive on management to focus on business targets rather than service goals.

User pays also operates between departments for the purchase of specialised services. When competing operational demands must be funded out of a diminishing pool of resources, however, procedural shortcuts become a daily pressure. The "efficiency dividend" scheme simply increases the incentive for false economies. The Government Solicitor's office is the latest to join other commercialised agencies like The Australian Property Group, Australian Construction Group, the Defence Housing Authority and the Transport and Storage Group in charging for their services. By 1995, many of these groups will be competing in the marketplace with private sector operators for departmental business. In the view of the Secretary of Attorney-General's, this is not only an essential reform to protect the public interest, but is the only way in which "clients" (that is, departments they are legislatively responsible to serve) can receive a service "judged by the best Australian and international standards" (Rose, 1992:17). Another ardent supporter talked about the maximisation of

---

<sup>2</sup> The implications of this were already being recognised in 1989 when the Parliamentary Reporting Service reported difficulty in meeting the Government Printer's charges (ABC Radio National, 1989:18 August).

profitability and the "creation of a profit motive and cost consciousness amongst staff" (Kirkby-Jones, 1991:108.)

"User pays" is also behind the asset management program, which seeks to value every conceivable object and asset within the Commonwealth domain as a means of strengthening the material force of financial accountability and productivity. While this project offers a new round of feverish activity for the rationalist mind, with the attraction of new opportunities for cut-backs and asset sales, measurement perfection doggedly persists as the "Achilles heel" of total efficiency in human services. The socio-political problems of the exercise remain. How does one "value" the loss of a public hospital in a regional centre? How does one "value" the community worth of an aged hostel in a small town?

Many corporate support functions have been "commercialised" through contracting-out to the private sector. This is also a natural by-product of PMB and the user pays/efficiency model. The rationale is that private, specialist contractors can deliver services more cost-efficiently because that is their primary function. The contracting out of departmental travel is a well documented example, yet it reflects an extraordinary degree of irrational decision-making, mismanagement and waste. In the case of Defence Service Homes, this specialist veteran's home loan benefit was contracted out to Westpac, which has been subsidised, financially and administratively, to maintain borrowers' concessional interest rates (Defence Service Homes Corporation 1988, 1989; Keating, 1987-88:8; ACOA, 1989:3). This initiative preceded the corporatisation of the Defence Housing Authority, yet it receives scant attention in the enthusiastic endorsement of commercialisation in the literature (Kirkby-Jones, 1991:108). The privatisation of travel and the Westpac deal are hardly textbook examples of efficiency and accountable decision-making, but they did remove financial burdens from the budget bottom-line at a critical time.

The commercialisation of departmental functions has also resulted in a lack of centralised controls over the skills-base and employment practices of the Service. The Parliament and the Public Sector Union have both expressed alarm at the way devolutionary powers have

facilitated a massive shift to contractual labour. Evidence further suggests that commercialised ventures have not enjoyed sufficient capitalisation to ensure a future competitive base. With limited funds and poor performance many will become too difficult to manage and on the grounds of efficiency, government and management will be actively seeking their abolition (Heald, 1986:18; Evatt Foundation, 1988). Commercial productivity and financial efficiency criteria tend to reinforce this possibility. Evidence to a Parliamentary Inquiry on contractual arrangements testifies to the lack of regard many public sector managers have for a broad range of standards (Joint Parliamentary Committee..., 1988, 1989).

Page one of the Annual Report of a major welfare department introduces the reader to the Department's "consumer focus", as part of its Mission Statement. It states that the Department is in the business of servicing consumers as a means of implementing social justice policies. Despite the rhetoric about quality results, this statement offers an example of the new business-like attitudes PMB and user pays fosters (Department of Community Services & Health, 1990:1). Henceforth, the welfare needs of clients are to be defined as consumer products rather than services. Yet these subtle and benign sounding transformations of language and objectives offer a striking example of the potential for social harm. If satisfaction of the welfare needs of the sick, the old, the disabled and the disadvantaged become consumer products, it is only a short step to arguing that products must be paid for and have nothing at all to do with the rights of citizenship.

Because it turns services and functions that are the basis of public information dissemination and support into marketable commodities, user pays is little more than a vehicle for consumption tax by stealth. While it provides governments with a useful revenue source, it is neither equitable nor accountable because it assumes ordinary taxpayers have the discretionary income to purchase all those things that contribute to the quality of life in a modern society, from information to health care. It is also discriminatory because it means taxpayers underwrite the tax advantages of a more privileged business sector whose operational costs are normal concessional deductions.

## The Abolition of the Public Service Board and Flow-on Effects

The proclamation of the *Administrative Arrangements Act*, three days after the 1987 election, abolished the Public Service Board and devolved its remaining functions to departments, including responsibility for certain senior appointments to Prime Minister & Cabinet (Hawke, 1987a; Willis, 1987). Established as the independent employer body under the 1922 *Public Service Act*, the Board derived its authority from Parliament. For most of that time the Public Service Board had been a highly conservative organisation that ruthlessly defended the power of an elite mandarin class. It maintained an outdated system of seniority and unwieldy administrative controls that undermined the occupational prospects of many talented officers and took little account of changing social attitudes. As part of Labor's public sector reform program set out in the White Paper, the Board was substantially re-organised in 1984 to concentrate on "improving the quality of administration... and... personnel" (Public Service Board, 1984:10). This was partly in response to the finding of the Coombs Commission, which saw the Board as having a continuing, if not expanding role in advising the Prime Minister on the broader questions involved in the organisation of the work of government (Royal Commission, 1976:394, 401).

According to the Board's 1983-84 Annual Report, it now saw itself as "less an organisation reacting to demands so as to keep the system going, and more as an initiator of desirable change and a promoter of innovation" (Public Service Board, 1984:11). As employer, the Board was now required to report on service-wide staffing, equal opportunity, affirmative action and training initiatives, industrial and award negotiations and resource management policies. It also managed the Senior Executive Service and the Joint Council Secretariat. In its Annual Reports the Board provided one of the most accessible windows onto public sector practices. Its trusteeship of uniform standards also began to exert a powerful influence over management, especially at regional levels where people skills were notoriously poor. Considering its scope and responsibilities, its size could not be

considered excessive when compared to other centralised agencies. Nevertheless, the rationale for its abolition was that it duplicated functions (Public Service Board, 1986:169-170; Department of Finance, 1988:9). Much evidence suggests, however, that management and central agencies found the Board intrusive and restrictive of their prerogatives (the Coombs Report; the Review of the Efficiency Scrutinies). Moreover, the Board represented a powerful, independent challenge to a government increasingly preoccupied with budget cuts and streamlining the processes the Board was charged to uphold.

The decision to abolish the Board was the outcome of an Efficiency Scrutiny Review (ESR). Established in 1986 under the leadership of businessman David Block, the Efficiency Scrutinies<sup>3</sup> were expected to "promote a major change in public service culture ... by introducing the best private sector practice into the public service" (Senate Standing Committee ..., 1989:1). Little in the way of evidence was provided by Hawke or Block, to support the claim of public sector inefficiency or exactly what constituted "best private sector practice". Claims about inefficiency were in sharp contrast to the findings of the Coombs Report (Royal Commission, 1976:17). Nevertheless in announcing the efficiency program, Hawke stated:

The present economic climate requires the public sector to review systematically and in a quite fundamental way its

---

<sup>3</sup> The seven-member Efficiency Scrutiny Unit (ESU) was established for a three-year term. It was modelled on one instituted by the Thatcher government to demonstrate "the community effect of over-regulation, to remove barriers to effective resource management and to question the routine and nature of work taken for granted". Chaired by Mr Block and supported by three senior bureaucrats and several support staff, the Unit supervised a series of scrutinies that focussed on financial and organisational productivity. Individual scrutinies were undertaken by selected officers in each agency, but Block was required to report all recommendations confidentially to Hawke. After completing 44 scrutinies, Hawke prematurely dissolved the ESU in 1987 and the efficiency program was devolved to individual departmental managers. The most detailed record of the Efficiency Scrutiny Program and the ESU is available in the Report of the Senate Review chaired by Senator Coates (Senate Standing Committee..., 1989:1-12, 19).

management and administrative procedures (Senate Standing Committee..., 1989:5).

Block's report recommending the Board's abolition was "Cabinet in Confidence", as were all ESR Reports. None of the changes it proposed came to light during the 1987 election campaign and only a fragmentary summary is publicly available (Block, 1987:71). There is no other detailed public record of the events in question. For the period when the Review was in progress (1986-87), the Board published no annual report - itself an unusual occurrence. At a press conference following the announcement of the 1987 changes, Hawke advised that in the interests of speedy implementation, neither the Cabinet nor caucus had been consulted on the appropriateness of the changes. Hawke claimed he had consulted with "representative figures in the caucus" and discussed the proposal with "a number" of Cabinet Ministers (Hawke, 1987a:16-17). The decision to abolish the Public Service Board was therefore taken by the Prime Minister and Block, without consultation with Cabinet, caucus, the relevant unions or the Parliament.

A subsequent Senate Inquiry <sup>4</sup> was extremely critical of the secrecy, haste and rationale surrounding the Board's abolition, pointing to the inherent dangers in contemplating such major changes without due consultation. It also expressed overall scepticism at the strategic and long term benefits of efficiency scrutinies, saying that where savings had been achieved, they were effected by simplifying or contracting out functions; or "otherwise resolved inappropriately". The Inquiry concluded that private sector efficiency benchmarks were inappropriate in public administration because competing program

---

<sup>4</sup> The Senate Standing Committee on Finance and Public Administration undertook a review of the Efficiency Scrutiny Program in 1989. Chaired by Tasmanian Senator John Coates, the members included Labor Senators Black and Burns and Opposition Senators Alston, Calvert and Durack. While endorsing the major criticisms of the Report, the Opposition Senators' Minority Report added that the program was a "short and shallow political exercise" staged as a pre-election gimmick. It "fell far short of ... its original aims" and was not sufficiently rigorous in introducing private sector models into the Service (Senate Standing Committee, 1989: 58-9).

demands and diversity of outcomes were inherent operational realities. In its recommendations, the Committee called for greater accountability to Parliament by all decision-making bodies; including Cabinet, Treasury and Finance; and the establishment of a central system for monitoring the appropriateness of such major changes (Senate Standing Committee..., 1989:2-3;31, 41-2, 48-56). To date these recommendations have been ignored.

A new *Public Service Commission* replaced the Board. With only 18 per cent of the Board's resource capacity and an extremely narrow charter, most of its powers are delegated to departmental heads or various other central agencies with distinct cost-efficiency responsibilities (Public Service Commission, 1988). Since the Board's abolition, there is no *independent*, centralised authority with responsibility for personnel standards, wages and conditions, training, equity initiatives, engagement of consultants, part time/casual recruitment, contract labour or general personnel management policy. In effect the Secretary of the Department of Prime Minister & Cabinet heads the public service.

The haste and secrecy surrounding the Board's abolition had a significant impact on the overall equity and accountability of many administrative functions. Two outcomes are particularly significant - namely, the effect on Equal Employment Opportunity (EEO) programs and the establishment of the Australian Public Sector Management Advisory Board (MAB).

With the Board's abolition, responsibility for EEO was devolved to departmental secretaries. The Public Service Commission retains an EEO monitoring role, but its effectiveness is hampered by its limited powers and inadequate resources, especially as they affect any presence at the regional level where most public servants operate. Departmental EEO programs were also undermined by the 1986/87 administrative changes, with a resultant loss of expertise and a lower profile for practitioners and their initiatives. In effect, EEO has become just another management objective.

An indication of these limitations is revealed by looking at the position of women. By 1989, only 10 per cent of senior executives were

women, and women occupied none of the positions at the most senior decision-making level<sup>5</sup>. Two out of a total of 34 positions at the second highest SES level were occupied by women and 14 out of 225 positions at the third highest level. There were no women departmental Secretaries and there were no women executives in the influential, central departments of Treasury and Finance. Women occupied 11 of a possible 32 SES positions in Prime Minister & Cabinet but they were concentrated in specialist areas (Department of Finance, 1990:xvii, 37, 40) <sup>6</sup>. Where women do gain access to the SES, they predominate in the decentralised service agencies. Yet real decision-making power is concentrated in the strategic economic agencies in Canberra. They favour recruitment from economics/business administration disciplines (Pusey, 1988); areas that are atypical of women's qualifications. Key appointments are increasingly from those same centralised agencies. By 1988, for example, more than 50 per cent of Secretaries and Associates were former officers of Prime Minister & Cabinet (Kelleher, 1988:37).

Whereas the merit principle has enabled some women executives and women in the administrative grades to attain better incomes and working conditions, they are not employed in positions of power and policy influence. Their career prospects and their potential to influence the internal value systems are short-circuited both by narrow credentialism and the general devaluation of equity initiatives. Overall, the narrow functional interpretation of EEO and the merit principle has effectively operated as a veneer over many occupational inequalities in public sector employment. From the time of the White

---

5 Under the EEO Guidelines, "designated groups" include women, Aboriginal & Torres Strait Islanders, people from non-English speaking backgrounds and disabled people.

6 Statistics for June, 1989 provide potent insights into segmentation. Staff in the three lowest grades represent 44 per cent of all permanent officers in the public service. Of that total permanent workforce, women account for 43 per cent of workers. Within the total, female public service workforce, 67 per cent of women are employed at ASO3 level or below. I have chosen officers at ASO3 level as the cut-off point for comparative purposes because their maximum salary level approximates average weekly earnings (Department of Finance, 1990:105; Gazette No PS24, 29.6.89; ABS Cat. No. 1304.9, 6310.0).

Paper in fact the vast majority of staff have been identified in dehumanising terms that see them as resources to be "streamlined", deployed, transferred or retrenched. They are not valued employees with skills, professional ethics, commitment or developmental potential; merely a residual group, resources to be allocated, and problematic only to the extent that they may present a logistical need to deal with excess numbers <sup>7</sup>.

The Board's abolition has therefore presented a severe set-back to the expectations of change offered by EEO and affirmative action. As active EEO programs became submerged under managerial prerogative, the strategies themselves progressively faded from the bureaucratic lexicon. That is no accident, for they always presented troublesome, contradictory goals within a managerialist/efficiency model. What has developed in their place is a ritualistic system of data collection and an often repressive application of the merit principle. The downgrading of EEO not only denies the contested political nature of equity programs, but is discriminatory towards those groups it was intended to support. Without clearly defined, independent programs for the implementation of equal opportunity *and* affirmative action, merit becomes just another convenient means of entrenching privilege and power. Management can still veto the most well intentioned, equity-based selection and promotion process. Reference to any departmental Annual Report will attest to the fact that while dutiful attention is paid to EEO statistical reporting procedures, there is rarely any discussion or analytical focus on the reasons for the abysmal pace of change.

It is therefore important to highlight the distinctive objectives of EEO and affirmative action, for they are not interchangeable terms. They represent two quite separate strategies for the improvement of the employment position and working lives of marginalised groups.

---

<sup>7</sup> The day corporate personnel functions were transformed into human resource management functions was the day clear signals were sent to the workforce about the value of labour. What Pusey has called an anti-social bias on the part of economic rationalists (Pusey, 1991:172) is confirmed in this terminology because it suggests that those who control working life opportunities neither like, trust nor respect their workforce.

Whereas EEO addresses the processes of overt and systemic discrimination, affirmative action requires positive and innovative programs so that members of designated groups can reach a state of opportunity equal to their more privileged colleagues. Affirmative action therefore presents a real challenge to entrenched power that can only be implemented through a deliberative program to change workplace culture. To speak of equal opportunity while ignoring the distinctive political challenge of affirmative action, as has occurred in the public sector, is tokenistic.

Critics agree that it is impossible for managers to adopt a broader, innovative style for the translation of important principles like EEO and affirmative action into practice. The narrow functionalism of PMB lacks any incentive for them to do so (Burton, 1987:77; Sawyer, 1988:125). What hope is there then for the implementation of the more costly and politically sensitive affirmative action?

Much of the above reflects the findings of the Coombs Commission. It recommended an expanded role for a centralised and resourced EEO Bureau with the legislative power to counteract entrenched, systemic discrimination in the Service (Royal Commission, 1976:185, 190). With the abolition of the Board, the ability to independently monitor performance failures and enforce accountable, equitable employment practices is equally lost. The evidence over the past six years highlights the insularity of a political and bureaucratic elite and suggests that a strong case remains for a committed, centralised agency with the legislative power and resources to profile equity programs as a continuing priority.

Finally, it is appropriate to comment on one particular outcome of the 1987 administrative changes - the Australian Public Service Management Advisory Board (MAB). This is chaired by the Secretary of Prime Minister & Cabinet and includes the Secretaries of other central agencies and the Public Service Commissioner. Others are nominated on a rotational basis by the Prime Minister, who also nominates two "outsiders"; one in consultation with the ACTU, the other from the private sector. The MAB provides "a forum for consideration of major management activities... as a whole", and its function is to advise the government on "significant issues relating to

the management of the... Service". It is not a management/union consultative forum (Department of Prime Minister & Cabinet, 1988:20).

The role of the MAB is problematic on a number of grounds. It doesn't consult and its deliberations are not open to public scrutiny. It has no definable charter, no statutory responsibility and its accountability to parliament is unclear. None of its members is an elected representative, nor do they appear to have been appointed on the basis of their personnel management skills. Simply stated, the MAB operates outside any accepted framework of consultative decision-making. Dominated by senior bureaucrats from central agencies, it is a tactical command group that reviews proposed administrative and procedural changes and advises the Prime Minister on resource strategies. Its members are also the managers with a clearly defined interest to perform on a cost-efficient basis to achieve the policy goals set by Cabinet and generally to meet the criterion of "best private sector practice".

More recently, the MAB has been directed by the House Standing Committee on Finance and Public Administration to undertake a review of the public sector reforms of the past decade (House of Representatives Standing Committee, 1990; Task Force, 1992). Such a review is long overdue. It is open to speculation whether the MAB, itself influential over strategic policy, is the most appropriate body to cast a critical eye over what has been done in the name of reform.

## Conclusion

Accountability and equity are not merely whimsical symbols of a democratic political system. They must be tangible and effective expressions of an organisational and representational power that protects basic rights, like having a job, by ensuring that the quality of our institutional responses are rational, humane and just. This is critical in times of crisis. Administrative reform and waste elimination are also worthy goals and are a basis for good government. But without a broad socio-political framework, the quality and

effectiveness of governmental activity is lost and the political process lapses into a false confusion over means and ends. What is left is the rhetoric of "national interest" belt-tightening, the parsimony of "responsible" policy making and obsequious paternalism towards the poor and the disenfranchised. It is not policy and it is not social reform. With its progressive disdain for the political nature of reform, Labor's rationalist policy setting agenda has gone further than merely accommodate the structural adjustments of late capitalism. It has rejected its own history as a product of the capitalist era. In so doing it has lost sight of any rationale for its own existence.

This paper has sought to expose some of the social and human costs of Labor's political amnesia and systems rigidity by showing how the processes of decision-making and administration are themselves critical to the achievement of accountable, socially just outcomes. In effect, *re-forming* the processes of national decision-making to achieve smaller government is quite a different project from *reforming* state institutions to deliver more effective, efficient and equitable public services. Labor has been less than frank over the years about the subtleties of this distinction. The "reforms" visited upon the public sector have unleashed so many destructive forces within the economy and our national institutions that it is arguable whether they can sustain efficient work practices or an effective system of government. In the process there has been an obfuscation of what is meant by accountability and reform in our political institutions, in our economic options and in our social systems.

No matter how often ministers wish to deny it, government is a political task and state institutions are political institutions. To pretend that these realities can be whitewashed on the spurious pretext of operational and cost efficiencies, or on the basis of some idealised, libertarian propositions about the market and its "freedoms", is to court disaster. To regain some credibility Labor must abandon the ideological and economic obsessions of the recent past and rebuild a political constituency through the formulation of policies that challenge these discredited orthodoxies. It could begin by recognising that efficient and effective public institutions, invigorated by genuinely equitable and accountable policies and systems of

implementation, are an investment in Australia's future, not a drain on the public purse or counter-productive to the nation's interests.

## References

- Australian Clerical Officers Association (1989) NSW Branch, *White Collar*, December-January.
- ALP (1983) *Labor and Quality of Government*, Federal Parliamentary Labor Party Task Force on Government Administration, ALP National Secretariat, Barton.
- Australian Government (1983) *Reforming the Australian Public Service*, AGPS, Canberra.
- Australian Public Service Board and Department of Finance (1986) *FMIP Report*, AGPS, Canberra.
- Baker, John R. (1988) 'Contracting out of Commonwealth Public Service Travel Arrangements', *Canberra Bulletin of Public Administration* No. 54.
- Blewett, Hon. Neal, Minister for Social Security (1992), *1,000 Extra Social Security Trainees*, Media Release No. 37, 27 July.
- Block, David (1987) "Extracts from 'Report to the Prime Minister by the Efficiency Scrutiny Unit on Successor Body to the Public Service Board'", *Canberra Bulletin of Public Administration* No. 52.
- Budget Paper No. 3 1988-89, "Portfolio and Program Estimates".
- Burton, Clare (1987) 'Equal Employment Opportunity - A Future? The Consequences of Government Policy on EEO in the Public Service', *Canberra Bulletin of Public Administration* No. 52.
- Callioni, Patrick (1988) 'APS Travel Report', *Canberra Bulletin of Public Administration* No. 57.
- Dawkins, J.S. (1984) Second reading speech *Public Service Reform Bill 1984*, Commonwealth Parliamentary Debates 9 May.
- Defence Service Homes Corporation (1988 and 1989) *Annual Report*, AGPS, Canberra.
- Department of Community Services & Health (1990) *Annual Report 1989-90*, AGPS, Canberra.
- Department of Finance (1990) *APS Statistical Bulletin B 1988-89*, AGPS, Canberra.
- Department of the Prime Minister & Cabinet (1988) *Annual Report 1987-88*, AGPS, Canberra.
- Evatt Foundation (1988) *The Capital Funding of Public Enterprise in Australia*, Sydney.

Hawke, R.J.L. (1986) *Reforming the Australian Public Service*, Commonwealth Parliamentary Debates 25 September.

Hawke, R.J.L. (1987a) Press conference 14 July, quoted in *Canberra Bulletin of Public Administration* No. 52.

Hawke, R.J.L. (1987b) Ministerial Statement, *Changes to Administrative Arrangements*, Commonwealth Parliamentary Debates 15 September.

Heald, David (1986) *Privatisation and Public Sector Reform in Australia. Regaining Control of the Agenda*. Consultants report to the Australian Government Employees sector of the ACTU, Department of Management Studies, University of Glasgow, Scotland.

House of Representatives Standing Committee on Finance and Public Administration (1990) *Not Dollars Alone*, AGPS, Canberra.

Joint Parliamentary Committee of Public Accounts (1988, 1989) *Inquiry into Engagement of External Consultants by Commonwealth Departments*, Terms of Reference and Minutes of Evidence; July, September, October, November 1988 and March, April 1989.

Keating, Michael (1989) "Quo Vadis: Challenges of the New Managerialism". Address to the Royal Australian Institute of Public Administration, 12 April.

Keating, P.J. (1987) *Budget Speech 1987-88* delivered on 15 September 1987.

Kelleher, S.R. (1988) 'The Apotheosis of the Department of Prime Minister & Cabinet. Further Reflections on Administrative Change 1987', *Canberra Bulletin of Public Administration* No. 54.

Kirkby-Jones, W.J. (1991) "Management Accountability for Public Assets", *Canberra Bulletin of Public Administration*, No. 65, July.

Management Advisory Board Task Force on Management Improvement (1992) "Terms of Reference", reprinted in *Weekend Australian*, 30-31 May.

Public Service Board (1984) *Annual Report 1983-84*, AGPS, Canberra.

Public Service Commission (1988) *Annual Report 1987-88*, AGPS, Canberra.

Pusey, Michael (1988) 'Our Top Canberra Public Servants Under Hawke', *Australian Quarterly*, Vol. 60 No.1.

Rose, Alan (1992) "Legal Practice changes afford improved service", *Australian Financial Review*, Letters to the Editor, 11 September.

Royal Commission on Australian Government Administration, (1976) *Report*, H.C. Coombs, Chairman. AGPS, Canberra.

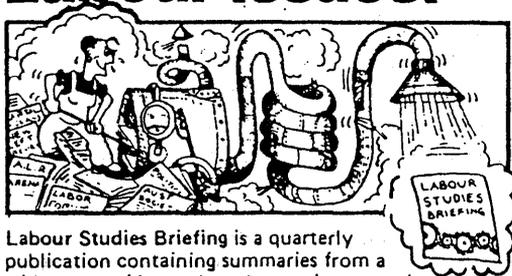
Sawer, Marian (1988) 'Life After Block. EEO in the Australian Public Service', *Canberra Bulletin of Public Administration* No. 54.

Senate Standing Committee on Finance and Public Administration (1989) *Review of the Efficiency Scrutiny Review Program*, AGPS, Canberra.

Willis, R. (1986) Second reading speech, *Public Service Legislation (Streamlining) Bill 1986*, Commonwealth Parliamentary Debates 23 October.

Willis, R. (1987) Second reading speech, *Administrative Arrangements Bill 1987*, Commonwealth Parliamentary Debates 17 September.

## Keep Informed About Labour Issues!



Labour Studies Briefing is a quarterly publication containing summaries from a wide range of journals and magazines covering

Australian Political Economy  
Trade Unions in Australia  
Work Issues in Australia  
Gender and Work  
International Labour Issues

Labour Studies Briefing is designed as an educational and informational aid to trade unionists, teachers, students, policy makers and political activists

### Subscribe to Labour Studies Briefing

I wish to subscribe to Labour Studies Briefing  
Subscription rate \$16/year, \$10 Students/non waged

Name \_\_\_\_\_  
Address \_\_\_\_\_ P/C \_\_\_\_\_

Post to Labour Studies Resource Centre,  
South Australian College of Advanced Education,  
Kintore Ave, Adelaide, South Australia, 5000

**Copyright of Full Text rests with the original copyright owner and, except as permitted under the Copyright Act 1968, copying this copyright material is prohibited without the permission of the owner or its exclusive licensee or agent or by way of a license from Copyright Agency Limited. For information about such licences contact Copyright Agency Limited on (02) 93947600 (ph) or (02) 93947601 (fax)**