

Public Sector Reforms in Fiji: NPM and Opportunities for Abuse

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Abstract

At the basis of the New Public Management (NPM) model for public sector reforms lie two fundamental prescriptions: removal of government controls and reliance on the efficiency of the market in resource allocation and utilization. This underlines the reliance on and the need for rational self-interest in the conduct of all stakeholders in an economy. This paper analyzes critically how public sector reforms in Fiji opened up opportunities that were hijacked on the bases of self-focused greed presented as a political blueprint for affirmative action needed to assist in the progress of the ethnic Fijian community.

Introduction

The New Public Management (NPM) model has informed reform in the public sector since 1979 when Britain adopted radical changes in its approach to managing the public sector. This was followed by the US in 1980 and the experiment became a full-fledged movement that swept the world as donor institutions made it a necessary component of structural adjustments for continued assistance. Reforms began in Fiji in 1985 and went through a number of stages (Appana, 2003). Each stage was closely tied to political re-directions and attendant imperatives. A change in government in 1999 and the coup of 2000 stalled the process, but when it resumed in 2001 a number of initiatives increasingly brought into question the glaring absence of and need for procedural controls that had been prescriptively removed by the reform process. Market control appeared not to work in the Fiji context and, with a subtle neutralization of political controls, pecuniary self interest and unfettered political power led to a hijacking of the reform process by a coterie of consultants, public officials and politicians.

This paper uses the bureaucratic framework of public administration to outline the culture and systems that characterize the public sector in Fiji, examine how reforms using NPM opened up opportunities for exploitative self interest, and use examples to analyze how the NPM framework for reforms helped establish the use of a national political agenda within a framework of economic imperatives to create opportunities to help a local elite ensconce itself into key power positions to systematically extract benefits from the reform process.

Bureaucracy to NPM

Literature on public administration, bureaucracy and how bureaucrats ought to behave were heavily influenced by Weber's writings as well as thoughts from Confucius and Plato (Niskanen, 1971: 6). Weber's rational-legal model of organization (commonly known as bureaucracy) was considered to be technically superior to any other form at the time of its conception because it was underpinned by rationality and legality. Kamenka says:

“bureaucracy” means a centrally directed, systematically organized and hierarchically structured staff devoted to the regular, routine and efficient carrying out of large-scale administrative tasks according to policies dictated by rulers or directors standing outside and above the bureaucracy (1989: 157).

This type of social organization was supposed to be characterized by centrally commanded, devoted, specialized and competent staff, closely following rules and procedures to arrive at consistent impersonal decisions efficiently and without controversy. Bureaucracy as a concept thus holds within it, logical and practical relationships, mutually supportive characteristics, principles, attitudes and traditions that struggle to perpetuate the ideal type against internal as well as external changes, stresses and contradictions – this is where the bulk of its criticisms focus.

The political economy perspective develops a theory of bureaucracy from an abstract conception of the individual without placing him in a context. That is, the person is removed from time and space. This raises the question of peculiarities and differences that are likely to arise when the theory is tested in a particular context. The individual is seen as the primary unit of analysis with certain assumptions about human nature (rationality and self-interest, both drawn from an economic foundation). It then sees the development of the organization as an attempt to serve the individual. Thus, organizations are understood in terms of their ability to

serve the purposes of the individual from this perspective. On the other hand, the individual is seen as a purposive agent who seeks to fulfil his interests rationally through relations of exchange. Mutuality of rational self-interest guides the individual's rationality, and relationships are established on this basis. This partly explains the efficiency-debilitating phenomenon of 'bureaucratic empire building', and parochial cooperation among rival bureaucrats for maximizing budgetary allocations.

The political economy perspective is supplemented by Niskanen who develops a theory of 'supply' by bureaus 'based on a model of purposive behaviour by the manager of a single bureau' (1971: 5). His *Theory of Bureaucracy* is consistent with the instrumental concept of the state, i.e., as an instrument of the preferences of its constituents. In developing his theory, Niskanen adopts the 'compositive' method of economics as opposed to the 'collectivist' method of sociology.¹ Using the method of economics, Niskanen takes the bureaucrat as a 'chooser/maximizer' rather than being a mere 'role player'. The environment constrains his choice of possible actions; it changes the relationships between actions and outcomes, and influences his personal preferences. In justifying his approach Niskanen says that 'the economist develops models based on purposive behaviour by individuals, not to explain the behaviour of individuals ... but to generate hypotheses concerning the aggregate consequences of the interaction among individuals' (1971: 5-6). Thus, he develops a theory of the behaviour of bureaucrats to explain/understand the workings of the bureaucracy. He makes a most pertinent point when he says that, 'there is nothing inherent in the nature of bureaus and our political institutions that leads public officials to know, seek out, or act in the public interest' (Niskanen 1971: vi). It is this observation that the Public Administration approach to bureaucracy tries to address to a large extent.

The Public Administration perspective is developed in contrast to private sector management. It distinctly reserves the term bureaucracy for the public sector because it makes a qualitative distinction between public and private.² Focus is on identifying differences and emphasizing the

¹ Hayek (1952) proposes the term 'compositive' for the method of economics and 'collectivist' for the method of sociology. He also prefers 'telescopic' as a substitute term for the characteristic method of sociology as this method views social behaviour from far in both space and time.

² Beetham (1987: 33-34) identifies the following meanings for 'public': anything that involves or impacts on society as a whole; anything that is carried out in the name of the public must come under public scrutiny and accountability; a form of administration that is carried out for the public according to some public ethos.

qualitatively different characteristics of bureaucracy that arise from being in the public sector, for example, public accountability, public interest, public ethos, transparency, etc. According to this perspective, anything can be considered to be 'public' if it affects society. This is where political ideology and agendas get infused into the workings of the bureaucracy and distort its efficiency focus. Thus, controls inherent in the model have to be supplemented with further systems and mechanisms.

Controls in Bureaucracy

There are basically two points of control on the public organization and public official – internal and external. NPM recognizes that the internal mechanisms of control in public administration have created a process-focused inward-looking culture. It attempts to address these deficiencies by centralizing the regulatory and efficiency role of the market by assuming that the market is preferable to government as an intermediary for resource allocation, utilization and public service delivery 'since it involves transactions that are voluntary, lateral and decentralised, in contrast to the compulsory, hierarchical and centralized activities of government' (Beetham, 1987: 33). Downs says that 'the major portion of [a bureau's] output is not directly or indirectly evaluated in any market external to the organization by means of voluntary *quid pro quo* transactions' (Downs, 1967: 25).

This is a critical characteristic of the definition of bureaucracy developed here as the focus of this paper is on managing in the public domain. Recognition of the absence of market discipline in the operations of a bureaucracy helps highlight the importance of alternative regulatory measures. Thus, in contrast with the political economy perspective, which sees the market as the predominant and more efficient regulator and coordinator of exchange, the public administration perspective considers the market to be inadequate in dealing with the complexities of social life.³ In recognising the importance of some sort of discipline in the absence of the market, it adds that public activity should be both transparent and publicly accountable, and that public administration is carried out 'for the public' according to some public *ethos*. The term 'administration' as opposed to 'management' also has an in-built distinction as the focus of administration is wider than that of management. All these considerations appear to arise from the need to establish non-market controls on the

³ Most criticism focuses on distortions to the principle of 'equality' that arise from an overemphasis on market allocation - see Self (1995), and Marsh & Olsen, (1995).

functioning of the bureaucracy. There are a number of institutional and cultural/value elements involved that will be used to elaborate this later.

As mentioned earlier political economy notes the absence of market discipline in the public sector, but does not see any other discipline that is unique to it. The public administration perspective, however, identifies two sources of this: public scrutiny and public ethos. Public scrutiny is exerted via parliament, public accounts committee, auditor general, MPs, ombudsman and courts of law. In the Westminster System of democracy the parliamentary budget debate is supposed to be a crucial forum for questioning departmental performance. However, it is not uncommon for parliament to focus on small parts of budgets and leave major portions virtually unquestioned (Korf, 1984). This could arise from deficiencies in expertise as well as concern for the political pertinence to voters of the extent of their involvement with the budget. On the other hand, legislatures attempt to control the budget by reviewing performance rather than being actually involved in the drafting of the spending priorities of departments. The degree of involvement differs across countries (and departments) even though governments have continued to make attempts to increase their say in public spending (Schick, 1980; Nethercote, 1982). In times of crisis, however, governments are able to justify direct involvement in public spending, though what is seen as crisis depends on what a government wants to prioritize as a matter of national importance.

In a parliamentary democracy, opposition parties often raise a multitude of questions regarding the budget and use of funds, keeping in mind the importance and impact of this on the electorate. A potentially counter-productive dilemma arises for government when the opposition raises funding questions that have merit but could be embarrassing to the government. Additionally, the complex nature of the administration makes it very difficult to control all their operations closely. Thus only selective cases are focused on. This is where the media plays a significant role in raising public awareness and creating a sense of urgency and focus in the legislature. Moreover, the increasingly widespread use of macro-economic policy instruments has led to substantive passing of budgetary controls from the legislature to the executive and central banks (Goodman, 1992). This has tended to curtail the influence of the legislature on public funding. The centrality of the parliamentary debate also raises apparently contradictory notions of bureaucratic secretiveness (confidentiality) and public accountability. However, the bureaucratic apparatus has in-built accountability provisions and any issue/decision can become public if it impacts on the public.

Beneath the formal structures in a public sector organization is a

supporting 'psychological structure of bureaucracy' (Hummel, 1987). The *public ethos* contained there operates as an internal psychological control device somewhat like organizational culture. In the civil servant it operates via concern for public interest, belief in the value of collective provision of essential services, due regard to law and legal rights, and conscientious performance of duty. This assertion of public administration obviously downplays the strong and disruptive influence that pecuniary self-interest can have on the workings of the bureaucracy. Niskanen (1971) says that the ethical attitude that somehow it is wrong to profit from supplying public goods arose from and was reinforced within the bureaucratic model. 'Public Service', therefore, acquired a meaning of its own that is to some extent different from the user-pay emphasis of NPM.

Additionally, what is effective conduct and constitutes quality service is a subjective qualitative decision. Thus, public administration has a political character to its service. What to provide, at what quality levels and costs, involves qualitative judgement among competing (sometimes conflicting) values, for example, political justification vs cost efficiency.⁴ The political effects of this would not have been immediately obvious because of the constitutional time frames involved in exerting control on public policy through the ballot box. Beetham (1987: 36) says that 'the demand to meet business criteria of 'efficiency' is itself a political demand which has consequences for the nature and level of the service provided'. There are a number of considerations and values that determine policy, and cost-efficiency is just one of them. Thus, policy and its administration are not clearly separable in public administration. The public administration approach to bureaucracy is a theory of social and political institutions that says that in order to study and explain them, we need to understand their character/ethos, nature of their public activity, and values implicit in this activity. Furthermore, the two sources of discipline that are brought to bear on the workings of a bureaucracy (ethos and procedures) differ across countries (and settings). In the case of Fiji, these were characteristically bureaucratic and process-oriented until the 1987 coup violated the sanctity of these over a sustained period of time and failed to either adequately re-establish or replace it with an equally unquestioned system of administration in the public sector. Moreover, while the post-bureaucratic model has been considered adequate its potential influence on formal organizational structures has been linked to heightened risk and

⁴ In Fiji, for example, Airports Fiji Limited's (AFL) 2003 proposal to introduce departure tax for domestic travel attracted tremendous criticism from the public, but management had to think more in terms of the financial health of the entity.

slackening of control (Grey, 2005), and the reform process that followed out of necessity was neither fully implemented nor went through a sustained period of focused use to become part of organizational culture in order to play its required role in controlling individual as well as organizational behaviour.

New Public Management

Literature on NPM covers a range of ideas and initiatives that include use of hands-on professional management, managerial autonomy, decentralization, use of output-based explicit measures of performance, use of finance-based performance contracts and incentive systems, emphasis on discipline and parsimony in the use of resources, infusion of competition through disaggregation and layering of government bureaus, use of contracts for public service provision by external organizations, emphasis on citizen choice, and an unspecified range of other private sector-type management practices (Hood, 1991; Pollitt, 1995; Boston, et al., 1996). NPM's fundamental objectives include creating an innovative, flexible, problem-solving, customer-focused and more entrepreneurial culture that is better suited to a competitive business environment (Barzely, 1992; Kettl, 1997; Rosenbloom, 1998). NPM attempts to address deficiencies found in traditional public administration, and assumes that the market is preferable to government as an intermediary for resource allocation, utilization and public service delivery. NPM's promise, thus, has two points of focus: removal of the constraints of bureaucracy, and freedom to make decisions in a more enterprising manner with the focus on efficiency, effectiveness and economy. OECD (1998: 5) describes NPM as a replacement of the traditional process/rules driven management paradigm by one that attempts to combine modern private sector type management practices with the logic of economics, while still retaining the core public services values. This raises the question of compatibility between public service values and private sector management practices.

Bureaucratic behaviour, however, has persisted in practice after more than 2 decades of public sector reforms. In Britain, the reformed health sector provides one case in point (Schofield, 2001). Bureaucracy has also persisted as a concept as discourse on NPM has had to repeatedly make references to it either to illuminate the merits of NPM or to denigrate and vilify the bureaucratic model in order to bolster the argument for reform to NPM. Others consider NPM to be too radical and potentially hazardous because of the insurmountable difficulties involved in

accommodating it within the value and standards framework of traditional public administration. Moe (1994) sees NPM as having a value framework that is clearly different from that of traditional public administration. Beetham adds another dimension by saying that, 'a necessary condition for the market to operate ... is a framework of legal compulsion, to guarantee the security of person and property, the integrity of contracts and the soundness of the monetary system' (1987: 2.7 These are essential parts of effective governance structures that are crucial for good governance in both New Public Management as well as any other attempts to introduce market discipline into the workings of government organizations. Arellano-Gault (2000: 400) says that 'in the absence of robust institutions for administrative control and oversight (the) use of NPM (as a top-down reform strategy) faces two basic dangers: (a) over relying on techniques over substantive reform and (b) underestimating the difficulty of changing the existing bureaucratic culture.' This could lead to symbolic rather than actual change.

This paper contends that the symbolic change was actually perpetuated in order to provide the necessary backdrop for thwarting initiatives and diverting the fruits of reform for personal gain.

The Reform Environment in Fiji, 1989-2006

The political-economic environment of Fiji from independence in 1970 to Laisenia Qarase's removal from prime ministership via a coup in 2006 was fraught with unexpected and often unannounced political and economic changes and redirections. Up to May 1987 when Fiji had its first coup d'état, government policy was framed on the post-colonial model of socio-economic development characterized by an inward-looking focus, and a heavy reliance on the public sector to generate growth and lead development initiatives. The first major reform decision made for the public sector was a wage freeze imposed by Ratu Mara's Alliance government in the 1984 budget. This followed a breakdown in consultative mechanisms contained in the Tripartite Forum as government began to alienate itself from the plight of workers, the largest section of which comprised civil servants. Consequently, worker agitation needed a forum to engage government in a meaningful manner at a higher level. This raised the need for a political voice and gave birth to the Fiji Labour Party (FLP) on 6 July 1985. A strategic tie-up with the National Federation Party (NFP) and increasing unpopularity of government led to an upset Alliance loss that triggered Fiji's first coup in May 1987.

That coup stalled the process of reforms that started with the 1985

wage freeze. The period following May 1987 was characterized by a desperate bid by the coup regime to attract foreign investment to not only cover for the political sensitivities of local capital, but also to generate economic activity in order to prevent total economic collapse. As coup leader Sitiveni Rabuka engaged Ratu Mara in a silent, but intense tussle for power, a number of new factions emerged around Rabuka⁵. This raised multiple demands for the spoils of government. Rabuka's avowed aim of bringing ethnic balance in commerce provided a legitimate framework for providing direct monetary assistance. The National Bank of Fiji (NBF) featured prominently in this initiative as set banking procedures and requirements were overlooked to create a fast-track to business. By the time this became a public scandal in 1994, NBF had lost \$230-\$300m and was declared insolvent (Grynberg, et al., 2002; Review, 1995). Other similar initiatives undertaken by Rabuka included an attempt to float the exclusive Soqulu Estate for sale in Hong Kong through convicted trickster Tony Stephens. Another involved PM Rabuka, Attorney General Apaitia Seru, and future Finance Minister Jim Ah Koy in an attempt to lure a lofty Kuwaiti investment of \$200m. \$10m was released from the NBF to allow conman Tony Stephens to pursue that deal⁶. Yet another involved a business initiative called EIMCOL focused on easing indigenous Fijians into the supermarket sector through largely Fiji Development Bank (FDB)-funded soft loans. At the same time, a major overhaul of the public service followed resignations and migration by mainly the Indian Fijian component of the civil service. With the tenet of public accountability compromised, positions were filled by indigenous Fijians with total disregard for established procedures and requirements. This was the beginning of cronyism, nepotism, and patronage which became a norm in the public sector in Fiji (Lal and Vakatora, 1997). And as Rabuka

⁵ These comprised church personnel (Manasa Lasaro and Ratu Inoke Kubuabola. Lasaro used the Methodist flag and later executed a coup of his own against church president, Reverend Josateki Koroi, and install himself as head of the church), leaders of smaller unions (Taniela Veitata of the Dock Workers Union was the most prominent of these leading violent campaigns around Suva), chiefs and traditional title aspirants (Ratu Meli Vesikula, Adi Finau Tabakauco, Adi Litia Cakobau, etc.), ambitious politicians (Ilai Kuli and others), nationalists (Sakeasi Butadroka of the Fijian Nationalist Party was the most prominent of these, but many others emerged), thugs (Jo Fabiano led a group of criminals who terrorized any gathering that looked anti-coup. He was to later receive government assistance to start up a taxi business that flourished) and spokesmen of any and every disaffected group in the country.

⁶ A subsequent commission of inquiry placed blame on Apaitia Seru, but no one was taken to task. A subsequent commission of inquiry placed blame on Apaitia Seru, but no one was taken to task.

attempted to retain his precarious hold on power, a group of consultants, public officials and politicians managed to organize themselves into key positions within the Fiji bureaucracy.

Thus, during 1987-94, Fiji went through a period of extreme fluidity with unpredictability in public policy and administration. Rabuka won the 1992 elections on the basis of an imposed constitution that seemed to bring his tug-of-war with Ratu Mara to a close, but Mara protégé Josevata Kamikamica led a dissident faction to block Rabuka's 1994 budget. Snap elections followed in 1994 and Rabuka won, but was immediately faced by a \$250m fiscal deficit emanating from the NBF debacle. By 1995 when government finally had to publicly acknowledge this, the sale of public assets through public enterprise restructuring was being seen as the solution to cover the fiscal deficit (Grynberg, et al., 2002; Appana, 2003). Public sector reform was brought back onto the public agenda and the Public Enterprise Act (1996), Public Service Act (1999) and Finance Management Act (1999) were enacted. Some 16 government departments and statutory bodies were reorganized during the period 1996 to May 1999 when Rabuka was replaced by Mahendra Chaudhry as Prime Minister. The reform frenzy towards the end of this period was done in a heavy-handed, non-consultative manner and was one of the main reasons for Rabuka's fall (Appana, 2003; Snell, 2000). More importantly, it trained and motivated business/money aspirations in a group of well-connected personalities. The one year that Chaudhry was in power was characterized by a stall or roll-back in reforms that thwarted many aspirations for wealth through government contracts and public positions. This was a major factor in Chaudhry's removal through the 2000 coup.⁷

As soon as Qarase assumed the post of interim-PM, a number of assistance schemes were implemented under the umbrella of a 'blueprint to assist (indigenous) Fijians in business' in order to assuage raised expectations. One of these involved \$25m of agricultural assistance to largely those provinces who had assisted the 2000 coup through their people in Suva.⁸ Qarase won the 2001 elections among allegations of vote-buying and promptly formed a political alliance with the nationalist Matanitu Vanua Tako Lavo Party. This paved the way for managing identified supporters of the 2000 coup who had rallied around the nationalist

⁷ Many reasons have been forwarded for the 2000 coup; this one has not yet been highlighted pointedly.

⁸ Government accountant Suliasi Sorovakatini and Permanent Secretary for Agriculture Peniasi Kunatuba were jailed for scams under this scheme. A number of businessmen have ongoing cases on the same scam before the courts.

agenda. A number of indicative government actions were taken towards this.⁹ This process of ‘acceptance’ was given a legal dimension when Qarase introduced the *Promotion of Reconciliation, Tolerance and Unity (RTU) Bill* in Parliament in May 2005 as a way to ‘forgive’ all coup perpetrators. Closely coupled with this Bill were the proposed *Qoliqoli Bill* and the *Land Claims Tribunal Bill*, both aimed at increasing Indigenous Fijian rights to ownership and management of natural resources at the expense of other sections of the community. Management of resources accruing from these 2 Bills was to be placed in the hands of the Native Lands Trust Board (NLTB) on behalf of the Indigenous Fijian community. This effectively gave total control of dealing in virtually all of Fiji’s land and sea resources to a cadre of bureaucrats and politicians connected to the NLTB. Shortly after this, a deal was struck with public sector unions on the eve of the 2006 elections to increase salaries of public servants and backdate it to 2004 at a projected cost of \$200m. When these initiatives are seen in conjunction with an obvious inability of government to pay the promised \$200m, it can be concluded that this was an elections gimmick to win support for the 2006 elections. Moreover, the Public Accounts Committee report released in 2009 revealed that 959,405 voters¹⁰ were registered and, for these, a total of 2,082,280 ballot papers were printed (FT 19/9/09) - 665,256 of these were later unaccounted for (Fiji Sun, 11/5/07). There could be only one conclusion from this; elections in Fiji were not allowed to follow normal expected procedures and blatant attempts were being made to influence outcomes.

Government excesses and disregard for controls after Qarase came to power prompted Taito Waradi, the President of the Fiji Chamber of Commerce, to highlight that the key to maintaining a healthy budget lay in prudent management. ‘This means that the Government will need to

⁹ These included the following: (a) releasing Ratu Jope Seniloli (who was Fiji’s Vice-President), originally sentenced to 4 years in prison on 6 August 2004, on undeclared medical grounds less than 4 months later on 29 November 2004; Seniloli, who was on full pay during incarceration, would retain a pension equivalent to 30% of his vice-presidential salary, (b) those charged for treason – like George Speight – for which the prescribed sentence was death, be commuted to life imprisonment within 3 hours of sentencing, (c) George Speight, Timoci Silatolu, Jo Nata and a number of CRW soldiers who had held parliament hostage for 56 days during the 2000 coup were jailed in very un-jail-like conditions on Nukulau Island; (d) Ratu Naiqama who was Minister for Lands and Minister for Mineral Resources as well as Deputy PM, was sentenced to 8 months then released in 10 days to serve his sentence extra-murally, and (e) all charged rioters of 2000 were given suspended sentences and ordered to return to their villages, but hardly anyone did as they were Suva dwellers.

¹⁰ Each person had two votes; this figure includes the two votes of registered voters.

impose strict financial discipline in the management of government finance.... Any public official found guilty of financial mismanagement therefore should be immediately dismissed because they have no right to abuse taxpayer funds’ (FT 19/11/01). PSC chairman, Sakeasi Waqanivalagi admitted at a press conference in 2002 that scams, nepotism, favouritism and visible corruption were rife in the Fiji civil service.¹¹ Another significant development was that the Public Accounts Committee had been allowed to become defunct for over a decade. In reaction to the Auditor General’s report (released on 19/08/05), Transparency International (2005) said that if the Public Accounts Committee as a crucial pillar of integrity in governance ‘has not been functioning properly, we ... must regrettably view this as the price we have to pay, when the principles of good governance and administrative best practices are underestimated, downplayed, ignored and/or not observed at all’.

It is usually in these circumstances of lethargy or impotence in the institutions of public accountability that the media assumes a pivotal role. Government, however, engaged in a protracted attempt to control the media. In 2001 the publisher of Fiji’s *Daily Post* was removed for writing a series of investigative articles under the name ‘Liu Muri’ or ‘Aage Picche’ (Singh, 2009). Then government proposed a Broadcast Bill that would help establish a Broadcast Licensing Authority and charge it with the oversight of broadcasting with such powers as may be necessary to carry out its functions including responsibility to issue and renew broadcasting licenses, control and regulate the electromagnetic wave spectrum for broadcasting uses, regulate licensing of various types of broadcasting, and establish codes for the purposes of the bill and monitor compliance by broadcasters (Ramesh, 2006).

In response to these attempts at compromising public scrutiny, increased calls were made for a Code of Conduct Bill to be tabled in parliament. Social worker, Peter Drysdale, speaking at a Goodwill Conference in Nadi in November 2002, called for the appointment of an ‘Ethics Committee’ to deal with disciplinary cases involving Government ministers and members of Parliament (fijilive, 9/11/02). PSC’s Waqanivalagi also mentioned the possibility of setting up an ethics commission for in-

¹¹ He said this in making a case for the restructuring of the top posts in the public service so that Permanent Secretaries positions become re-designated as ‘CEOs’. Under a proposed system, PSs would operate as CEOs and disciplinary functions would be delegated to them. Any laxity on their part to adhere to the strictest standards, he said, ‘could easily lead to a non-renewal of their one-year employment contracts’ (fijilive, 12/12/02). The CEO’s were later hired on 5-yr contracts.

investigating allegations against corruption or abuse of office (Fijilive, 12/12/02). The idea of setting up a Corruption Commission based on the Queensland model was proposed because it allows a concerned tax payer to report any malpractices with evidence against high office holders. In March 2003, after the Auditor General's 2002 Report became an issue of intense public debate, PM Qarase declared that suitable legislation would be enacted to combat unacceptable conduct by public officials. In reference to a report from the non-functioning Bribery and Corruption Commission of Inquiry, PM Qarase was reported to have said, 'I can assure you that we will act as soon as possible.' The PM also promised a whistle blowers act and an anti-corruption bill (fijilive, 3/3/03). Alarmed at the degree of political interference in bureaucratic decision making, an Australian journalist Graham Davis, told the 31st Fiji Institute of Accountants Annual Congress that Fiji should urgently set up an independent commission against corruption along the same lines as that in New South Wales so that questionable political interference could be detected. He also mentioned the alarming example that was being set for ordinary Indigenous Fijian youths as unscrupulous leaders seemed to be getting away with illegal activity (fijilive, 11/5/03). All these remained proposals and whether they would be allowed to operate became moot points.

Finally, even though exponents of democracy differ on its institutional requirements, Fiji has been bequeathed with a Westminster system of democratic government. One of the crucial requirements for this to work is for the electorate to have ultimate control on the conduct of government through the ballot box. In addition to the electoral process being compromised, parliamentary opposition was considerably weakened through the non-adoption of the recommendations on opposition when a powersharing arrangement was adopted.¹² This virtually silenced parliamentary opposition, a key component of robust parliamentary democracy.

A number of issues and characteristics stand out regarding the context within which public sector reforms were carried out in Fiji prior to the December 2006 coup by Commodore Voreqe Bainimarama. First, public officials became extremely powerful and political, and became removed from public scrutiny through their conduct and political links. Second, the press and other external sources of control like the Public Accounts Committee were either ignored and/or attempts were made to

¹² Under the power-sharing mechanism, the constitutional requirement was that the winning party invite opposition parties who obtained at least 10% of the seats into a multi-party cabinet. Qarase cynically expanded his cabinet by 19 and elevated a number of Labour Party MPs as ministers of government.

weaken them. Third, a wave of ethno-nationalism was actively fomented by government to heighten expectations for special treatment and direct assistance among ethnic Fijians to justify actions and policies that could easily be interpreted as undemocratic, abusive, and criminal – this was meant to ensure electoral support. Fourth, well-entrenched ex-bureaucrats with strong political connections had ascended to key public positions. Fifth, a cadre of local consultants had emerged from among former and current bureaucrats and politicians. Sixth, parliamentary opposition was both weakened and compromised. The link between government performance and voter choice was sidelined into a non-concern through a number of innovative manoeuvres that rendered elections unimportant. These had experienced the ease with which money could be made from consultancies and government contracts. All control mechanisms expected within a robust governance framework in the public sector had, thus, either been weakened, or sidelined or compromised. It was within this context that public sector reforms were carried out in Fiji.

Public Sector Reforms in Fiji

Fiji's public sector reform process began in 1985; it had three components: civil service reforms, public enterprise restructuring and financial management reforms. The process went through a number of 'punctuated' stages that were closely linked to political agendas and economic imperatives that were often at loggerheads instead of in alignment as theoretically proposed by NPM (see Appana, 2003). In 2003, the Minister for Public Enterprises and Public Sector Reform, Irami Matairavula exhorted a clearer understanding of stakeholder responsibilities in public sector reforms for success in the performance of public enterprises in particular; he stated: 'without understanding our basic responsibilities as individuals, directors, ministers and shareholders in government corporate entities, it will be difficult to appreciate the importance of the different roles we play in the achievement of our common objective' (fijilive, 3/4/03). Clearly the reform process was being implemented within a confused context. Government's public pronouncements highlighted the need for enhancing efficiency and cutting costs in the public sector, but in too many instances economic concerns and set procedures were overlooked (Appana, 2003; Sarker, 2000). This section outlines the main developments in the reform process that highlight how the expected outcomes were subverted through domination of personal interests over the type of rational self-interest that underpins the NPM framework for reforms.

Civil Service Reforms

As mentioned earlier, there were three components to public sector reforms in Fiji; the main two were civil service reforms and public enterprise restructuring. The public service had been headed by powerful permanent secretaries who had largely been elevated via political appointments after the 1987 coups. Controls on their performance had either been compromised or removed through the unprecedented reliance of Rabuka's weak government on key bureaucrats between 1987-94. When the NBF scandal became public in 1994, Rabuka again turned to key personnel in the public sector to minimize the damage. After Rabuka lost the elections in 1999, the bureaucrats remained and had a firm hold on the Chaudhry government and often attempted to thwart the full and efficient implementation of the new policies the government was putting in place. And when Qarase became interim-PM in 2000, it was the bureaucrats who helped in the disbursement of \$25m of agricultural assistance that propelled Qarase to power in the 2001 elections. After that, Qarase reiterated the need for reforms by declaring: 'We must have an intensive program of public sector reforms to improve the delivery of public goods and services and the allocation of resources.... the State will ... broaden public ownership and create more investment opportunities for indigenous Fijians and Rotumans' (fijilive, 30 September 2001).

Qarase's National Strategic Development Plan adopted in September 2002, aimed to save government \$95 million a year from civil service salaries for a period of three years from 2003 to 2005 (fijilive, 3 April 2003). Excesses, however, became markedly pronounced after this. In one case, *Fijilive* (5/3/04) reported that the NLTB had awarded a \$5m IT tender to a US company when a local tender had been for \$2.7m. In another case, a controversial Pakistani businessman was awarded the tender to provide identification cards for delegates and journalists at the 2002 African Caribbean Pacific Summit after it had already closed. The tender had apparently been awarded to a local company and then withdrawn. The police spokeswoman was reported to have said, 'This man had a lot of connections – most of Government jobs such as printing, provision of computers and IDs for the ACP Summit was awarded to him' (Fijilive, 20/9/02).

The most visible 'reform' actually implemented in the civil service by Qarase was the conversion of the Permanent Secretary posts to CEO positions, in line with the NPM prescription for professional management in the public sector. The aim was to recruit the best personnel on contract and provide them appropriate rewards within a wider decision-making

framework so as to allow unfettered performance. This would then be monitored in terms of set outcomes with other principles of HRM applying in the relationship. International consultancy firm, Mercer Human Resource Consulting, was hired at an unconfirmed cost of \$5m to source appropriate personnel to fill the newly-created CEO posts. After a worldwide search, they found all the CEOs in Fiji with 23 being hired on 31 December 2003 (*Islands Business*, 9/6/04). This was later increased to 27. Moreover, salaries and perks for the CEOs was more than double that paid to the former PSs. And to totally negate the performance-control focus of the whole exercise, the CEO contracts were set at 5 years. In addition, only 2 of these were Indo-Fijians presenting not only a skewed ethnic composition on top but also compromising the meritocracy principle enshrined in NPM, and the constitutional requirements on proportionality in appointments in the civil service. Very interestingly, in mid-2004 PM Qarase stressed that 'traditional civil service thinking will not carry us through. ... We need a fresh, more vigorous and positive attitude from the administrative decision makers. They must become more aware and responsive to the needs of the business people. There is a gap that must be closed between the business community and the Civil Service' (Koyamaibole & Roberts, 2006). This was followed by a series of private-public engagement forums on 'regulatory reforms'.

From this public pronouncement, it appeared that the CEOs were hired for purposes other than cutting costs and improving performance in the civil service. Qarase was obviously more interested in seeing his CEOs operate as liaison between the public and private sectors where contracts were being brokered as prescribed by the reform model. The \$5m reportedly paid to Mercer to simply go through the motions when CEOs had probably been already identified clearly highlights these conflicting non-public focused objectives. To confuse the scenario further, in June 2006, cabinet proposed to hire personal assistants for Ministers and Deputy Ministers at a rate of \$20,000 (SS03) and \$15,000 (SS04) respectively. The rationale was that this would improve service to constituencies despite the \$8000 constituency allowances being given to MPs. PSC estimated an additional annual cost of \$660,000 for this initiative (FT 21/6/06). Cost cutting was obviously not on top of Qarase's agenda for civil service reforms. His relationship with his CEOs is highlighted by an unexplained attempt to redeploy a number of CEOs in 2006; 10 opposed the directive and 6 sought rare legal redress from the courts of law. This type of defiance by senior civil servants was rare to Fiji and could easily be interpreted to mean that government's position was compromised and some of the CEOs were privy to this.

Public Enterprise Restructuring

In Fiji, the traditional public administration style of management prevailed in public enterprises with constant interference by ministers in both policy and operational areas. Executive appointments were politically motivated with further interference seen in pricing and procurement processes. This was clearly underlined by the fact that a select group of connected individuals headed public enterprises or sat on their boards. Within this circle, sacking was a rarity and persons were simply moved to other positions within the public enterprise circuit. One illustrative example is the case involving Winston Thompson under whose chairmanship the NBF became insolvent by 1994; he was simply moved in 1996 to head Telecom Fiji Ltd. (TFL). In a number of well-recorded cases, Board of Directors' decisions were overturned. At the Airports Fiji Ltd. (AFL), the BOD was forced to resign because of disagreements with the minister concerned. In other instances, similar interference came through special interest groups. At AFL such groups comprised members of ethnically and politically aligned unions that formed prior to the restructure of Civil Aviation Authority of Fiji (CAAF) on 12 April 1999. This style of management had a negative impact on performance as it tended to interfere with the precepts of freedom to choose and freedom to manage.

State resources were also plundered by PE executives and other dominant stakeholders (Nath and Chand, 1998). Tender approvals by AFL and TFL were two that raised public concerns. Telecom's CEO and COO were accused of circumventing procedures in awarding costly contracts to foreign experts when the required expertise was locally available (fijilive, 12/3/04). A \$23m airport refurbishment project undertaken by a Singaporean company in partnership with a local tenant of Nadi Airport was questioned by another construction company who had a substantially lower bid (fijilive, 28/11/02); this matter was later debated in Parliament (fijilive, 28/11/02). Barely a year later, the airport complex was found leaking and called for estimated additional repair works of \$10m.¹³ The Commerce Commission appeared to be totally ineffective in scrutinizing the public tendering process as per its mandate.

In another illustrative case, a \$5m air traffic management (ATM) contract was awarded to a newly formed company called Strategic Air Services Ltd. (SASL) by the Chairman of newly-formed AFL on 12 April

¹³ See fijilive (15/2/04 and 19/2/04). The new CEO laid the blame on the previous management of AFL. No action has been taken in this case.

1999. There was suspicion that this had followed a sudden directive from Civil Aviation Minister Isimeli Bose as negotiations had not been finalized at that point in time.¹⁴ In 2001, the Fiji Air Traffic Controllers Association (FATCOA) was deregistered by the Registrar of Trade Unions when 20 air traffic controllers (ATCs) moved to AFL from SASL because the bulk of ATCs were still with SASL. When the move to AFL took place, it was known that the SASL contract would not run for more than 6 months and it would not be renewed anyway as it had been part of the former CEO Jone Koroitamana-initiated, BOD-approved 2001-02 corporate plan. The ATCs who joined AFL 'were recruited to help AFL take over the services from SASL'. An unexpected government directive from PE Minister Matairavula, prevented this from happening. Furthermore two 6 month extensions were given to the SASL contract from April 2002 to March 2003 before new Chairman Viliame Leqa renewed the contract on the same terms and conditions by 1yr to 31/3/04. The signed contract being bandied around in September 2003 was more an 'agreement to reconsider the SASL contract' according to a very senior manager who wished to remain anonymous, but it was apparent from Nata that it was a clear acceptance of continuation of ATC services by SASL. Two interesting provisions in the SASL contract were: one, that all premises and utility costs would be borne by AFL¹⁵; and two, that all 'validation' of ATC licenses in Fiji could only be done by SASL. This meant that any ATC not working with SASL could not get his/her license 'validated' unless SASL agreed to it. Thus what was happening between SASL and AFL was not only intriguing, it was also contrary to all of the prescriptions and expectations contained in the NPM framework for reforms in the public sector – AFL was hobbled in its relationship with SASL that appeared to extend beyond the sphere of the ATM contract. This should not have been surprising as the BOD composition of SASL reflected a careful mix of politicians with powerful positions and connections. These included Navitalai Naisoro, Ratu Inoke Takiveikata, Jale Galuinadi, Adi Koila Nailatikau and Inia Tueli.¹⁶

¹⁴ This is borne by the fact that too many queries were left unclarified and the negotiations were 'always secretive'. Furthermore, Sitiveni Weleilakeba (Chair/AFL) had refused to sign the contract prior to 12/4 as would have been expected before a restructure of the significance under scrutiny.

¹⁵ According to Watesoni Nata, the only thing SASL brought into the deal was their 'unique expertise'.

¹⁶ Naisoro was a powerful behind-the-scenes consultant with MA degree. He chaired a number of public BODs under the Rabuka government and was an indispensable figure in Qarase's subsequent aspirations for his SDL party. He was widely claimed to

Analysis and Discussion

The central feature of the traditional bureaucratic model that made it work better in the developed context in comparative terms was the requirement for political neutrality and incorruptibility. Hughes (2001) says that this assumption was flawed from the outset, but it manifested its destructive effects more in the developing context. In Fiji, the bureaucrat not only gravitated to key positions out of political necessity emanating from the onset of coups as a means of changing government, the conduct of the bureaucrat was systematically removed from public scrutiny through political power imperatives of precariously positioned governments. The bureaucrat, thus, became a crucial prop in perpetuating political power. Thus the public official operated as a purposive agent seeking to fulfill rational self-interest as well as the interests of others who promised mutual benefits. A case can be argued that 'public interest' as seen in the public administration approach to bureaucracy took on a sectarian ethnic slant in the eyes of the public official in the aftermath of the 1987 coup. This however, could not have persisted in light of the obvious subversion of the outcomes of public policy seen in the aftermath of 1987 among officials who well knew from earlier experience what 'public' meant. McCourt & Minogue (2001: 6) say that, 'good governance and new public management are regarded as mutually supportive reforms, with greater political and social accountability contributing to the realization of more efficient government'. Unfortunately, in Fiji perpetuation of political power through political handouts within a framework of 'affirmative action' overrode the requirements of good governance and NPM. This observation clearly highlights the crucial need for carefully constructed unshakeable governance structures in any reform program.

Furthermore, NPM assumes a culture of public service honesty, neutrality and pride in the public service. Public service ethic has been found to be inadequately developed in some countries, but in Fiji it was com-

be the 'brains' behind the SASL contract. Takiveikata was a powerful Naitasiri chief who rose to prominence as the 'peace-broker' during the 2000 hostage crisis. A founding member of the resultant SDL party, Inoke was one who could 'direct' the interim as well as the subsequent SDL governments at the time. Jale Galuinadi is the brother of former FSC/CEO and senior minister in the interim and subsequent SDL government, Jonetani Galuinadi. Mara is a prominent daughter of the wronged Mara household, Adi Koila had been held hostage by the rebels during the 2000 crisis. CEO/SASL Nata was from her province of Lau, hence her presence would have provided leeway with traditionalists feeling that she had been wronged.

promised over a prolonged period of time after the 1987 coup. When real reforms began in 1989, in addition to there being a military-installed government characterized by ad-hocism in public policy, there was an overriding political dictate to assist ethnic Fijians into business activity as a matter of national priority. Within this framework, all of the prescriptions for administrative control, legal compulsion, integrity of contracts, contestability of decisions, ethics, public sector neutrality, etc., were either non-existent or blatantly disregarded with no concern for conventional repercussions. Furthermore, the economic imperatives of reforms when juxtaposed on the political rationale of affirmative action for Indigenous Fijians created enough confusion for deliberate exploitation of the cognitive vacuum. Thus, the environment was totally inappropriate in terms of control mechanisms when reforms commenced in Fiji. The use of NPM within this context helped not only further 'relax' persisting mechanisms of control, it opened up new opportunities to enter into areas that had previously operated within the ambit of government. Public scrutiny was systematically removed with a weakening of institutions of public accountability. This culminated ultimately in the rigging of national elections which removed the control of the public through the ballot box on public decisions by the government.

Brown *et al.* (2003) highlight that the NPM model has encouraged private sector practices promising improved results, but there have been a number of examples that demonstrate less than optimal political and organizational outcomes. Some cases exposed by the Auditor General in 2005 included a blatant violation of common courtesy towards taxpayers, corruption, lack of action on cases of abuse of office by the heads of Ministries, and non-inclusion of the law enforcement arm of government in investigation and prosecution (Transparency International Fiji, Press Release No.5/05). Transparency International even went on to recommend that in cases of proven mismanagement, the systems should be reviewed and offending officials subjected to behaviour-modification training, to prevent recurrence in the future. The examples used in this paper highlighted that public sector reforms in Fiji have failed to deliver because the main players operated within a framework that had lost all conventional sources of control. The rational self-interest assumption underpinning the reform framework ultimately gave way to greed and personal ambition for wealth. This is the main challenge faced by Fiji as it embarks on renewed initiatives to reform the public sector. The process must begin with the constitution and move through the institutions of public accountability to policies and procedures within government departments. Only then will reforms move beyond the symbolic stage.

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