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**PUBLIC GOVERNANCE AND TERRITORIAL DEVELOPMENT DIRECTORATE
PUBLIC GOVERNANCE COMMITTEE**

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STATEMENT BY THE TUAC SECRETARIAT

**Meeting of the Public Governance Committee at Ministerial Level
Rotterdam, The Netherlands
27-28 November 2005**

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Meeting of the OECD Public Governance Committee at Ministerial Level
Rotterdam, 27-28 November 2005

Statement by the TUAC Secretariat
Paris, 21 November 2005

Terms of the debate: public trust for public interest

1. Understanding public trust is intimately linked to the broader issue of defining and protecting public interest. The issues paper¹ for discussion at the OECD ministerial meeting on public trust in Rotterdam, 27-28 November 2005, rightly acknowledges that public trust “is achieved when citizens are confident that the government will protect and serve the public interest.” Evaluating the degree of trust can only be benchmarked on the capacity of governments to determine public interest and, from there, to set out and implement appropriate policies. However this central role for public interest in building public trust seems missing in the current ministerial framework. Rather than pursuing the initial public interest angle, the issues paper suggests that governments should meet citizens’ expectations, which, in turn are considered varying, and “even contradictory”. Citizenship is here considered as the piling-up of different statuses in society: a citizen is an employee, a taxpayer, an investor, a consumer, an end-user of public services, and a voter.

2. Citizenship, more widely defined, as suggested above, is more than the sum of its parts. Citizenship is the enabling status that allows individuals to understand and take part actively in the community, to create wealth for society and contribute to an equitable distribution of that wealth. That relationship and how citizens perceive the role of government in fulfilling the public good vary from country to country, even within Europe. It is no accident that the term ‘governance’ does not translate easily from English into other languages. Globalisation has made sure that the relationship between citizens’ trust in government and pursuing public interest is a continuing complex issue. For example it should be recognised that national citizenship is no longer sufficient as the reference concept for governments. As the mobility of people is grudgingly accepted by governments, more and more residents, including taxpayers, in many countries, are not national citizens. Very recent events in a number of European countries suggest that it is especially amongst these people that the question of trust in governments and host societies has become a matter needing an urgent public policy response.

Content and speed of reforms in question

3. The lack of comprehensive discussion on public interest is further seen in the proposed ministerial discussion framework, which has an uncritical stand as regard the coherence and adequacy of past public policy reforms. The issues paper notes that declining trust can hamper the implementation of reforms. Perhaps the opposite also needs to be considered. It may well be that declining trust is first and foremost a direct result of wrong reforms, reforms that have achieved everything **but** meeting the public interest. Unfortunately, here, past policy reforms are seen as inevitable, obvious, uncontested and un-

¹ “Main Issues for Discussion”, Meeting of the Public Governance Committee at Ministerial Level - Rotterdam, 27-28 November 2005 – GOV/PGC/MIN(2005)2

contestable agendas. The only negative impacts the paper seems to think that they have generated for the public were the short-term costs of implementation and making the long-term benefit less visible to the citizens. Public reforms can be good or bad on the short-, medium- or long-term: there is no rule for that. Furthermore, they can imply arbitrages between different constituencies, being especially burdensome on one category of people, while others are passing through without harm. Privatisation programmes for example may well make citizens feel that they are being “let down” by governments and left entirely in the hands of market forces.

4. Beside the inevitability of the political agenda, the current discussion framework also takes for granted a sense of urgency and speed for implementation. For many governments and multilateral organisations, including the OECD, speed in the reform process and communicating post-decision messages are paramount. One example is that of the current wave of privatisation of national public pension schemes, gradually shifting from PAYG to pre-funded systems. The assessment of the sustainability of current retirement systems is not necessarily debated with all stakeholders and the full range of data and options is not being explored.

Calculating expected gains from trade liberalisation

The Issues Paper correctly identifies the simplifying and over-selling of reforms as one reason for the lack of trust in governments. That is very true. Governments are paying the cost of such an approach at the international level right now in the Doha Round of trade negotiations. For several years, more powerful WTO member states, egged on by the World Bank and the IMF have talked of the huge gains to be made from liberalising trade - US\$500 billion was bandied about at the Cancún Ministerial Conference. Expectations were raised in developing countries amongst both governments and their people. Now, only two years later those fabulous gains have evaporated and we are discussing less than US\$100 billion – much less in some cases². The result is that, far from delivering development, the Doha Round may well result in people in many countries getting less than a penny a day, moving millions of them from just under two dollars a day to just over it³. This is not what people were told and this is a large number of people.

The need for a visible social dialogue

5. As policy content and speed of reforms are being exempted from the proposed debate, the only adjustment variable left to building trust is the citizenry. To adjust the “citizen variable”, the focus is shifted to communication policies, to ensuring a better selling of the policy reform package. Consultation is assimilated to information. But being informed of is no evidence of approval for a given policy reform. There is a lot of potential with e-government but simply relying on better-informed “cyber-citizens” is no panacea. The issues paper tends to stigmatise representative constituencies and to rely on a direct (though illusory) dialogue between governments and atomised citizens. There is an understandable tension between the need for transparency and consultation with relevant stakeholders and the fear that well-organised stakeholders will capture and slow down the process but that is not voided or addressed by wanting to maintain or increase the speed of reform or change.

² Frank Ackerman, *The Shrinking Gains from Trade: a Critical Assessment of Doha Round Projections*, The Global development and Environment Institute Working Paper No. 05-01, Tufts University, October 2005. Ackerman’s figures are based on recently revised World Bank figures and have been adjusted to take into account some faults in the models used in these estimates.

³ Ackerman quotes Weisbrot et al. as saying that the average incomes per day in Pakistan and Thailand will go from \$1.88 a day to \$2.13; in India, from \$1.93 to \$2.08; and in Bangladesh, \$1.97 to \$2.03.

6. The missing link between the individual citizens and government is the rehabilitation of the collective representation of citizens through various channels. Governments must hold genuine and visible social dialogue. For workers and their unions, this social dialogue has a special meaning, especially in OECD countries where governments accept the legitimacy of trade unions and the need to involve them in decisions that will affect working life or social and economic realities. The problem is unorganised interests. How does one consult with them and gain their trust? How can coherent and inclusive policymaking be assured? That level of trust takes time to build, especially if a history of conflictual relationships is to be converted into a more constructive relationship. Today, though, not only do workers see governments consulting groups without a constituency, but they see the government approaching their union only if there is bad news – job/wage cuts, outsourcing, privatisation – with the union being invited to help the government work out the precise conditions under which these decisions will be carried out. This is hardly a way to build long-term trust.

Involving public sectors workers

Many public sector workers, for example, have been through so many public sector reforms over the last few decades, many of these involving restructuring of the public services and other state operations, that they literally do not know where they fit into the process; many were not consulted about these reforms or involved in developing them. If the civil servants and service delivery workers who have a direct interface with service users have little idea of where they fit into complex government machinery and were never invited to 'own' the change, is it any surprise that service users pick up this lack of certainty and wonder whether the services they are using are in confident and competent hands? This is not necessarily different from the experience of workers in the private sector who, after five mergers and acquisitions, have no idea who owns their company or where decisions are made (not even which country) but that is not as germane to the question of trust in government.

7. As a counter to this, the tables appended to this paper illustrate the very changed social dialogue situation in New Zealand at the mid-point of the current government's second term. Workers and their unions in New Zealand may not be enraptured by all of the government policies of the last six years but they now have the opportunity to influence virtually all kinds of policies of importance to workers and to work with employers in a large number of sectors. Is it any wonder that both confidence in New Zealand as a place in which to do business and stable government have evolved, as indicated in recent World Bank rankings?

8. Governments talk a lot about business confidence, the trust that business has in the government's (continuing) policies. Governments have programmes and policies to encourage the development of an entrepreneurial culture and the associated institutions necessary to foster and nurture that culture. Rarely do we see a concomitant effort in building an associational culture that can build and sustain institutions within which the people and their popular organisations can develop their own ideas and create cadres of groups that can deal with governments on some kind of an equal basis. In fact, in some OECD countries, governments have been pressuring the news media, one of the few such institutions, to be less critical, to be more compliant with government views, to shrink into a narrow set of outlets that reflect a very limited range of views. It is no wonder that opinion polls repeatedly indicate that trust in such media outlets has also gone down in recent years.

Delivering on promised results

9. Effectiveness and efficiency in public services are key in delivering results. In fact, our sister labour organisation, the Public Services International (PSI) runs a permanent international campaign for Quality Public Services. Public service trade unions will contribute effectively to reform of public services

that meet citizens' needs and those of their communities, provided that they are being involved seriously in the design of the reforms and in their implementation. While flexibility and devolution can both be policies that make governments more agile and responsive and bring government closer to the people affected, we oppose a "contractualisation" of public life, from elected representatives and line ministries to public service administration. The issues papers notes the risk of loss of accountability and of knowledge ownership and expertise associated with contracting-out and other public-private partnership.

Public-private partnerships

The paper talks about public-private partnerships offering people more choice. For most of the services concerned, to all intents and purposes, this is a nonsense. The policy makers and managers may be getting a choice in whom they contract with but in most cases – water, education, health, energy, etc. – the service is a local monopoly and people have no meaningful choice. PPPs and related programmes have also often dented people's trust in government. As the paper notes, these changes have often blurred the image of clear-cut responsibility for government actions. It is governments that make these policy decisions but if they then duck the question when something goes wrong and send people off to talk with the contractor 'who is responsible for this service' people know they are being hoodwinked. It is precisely in times of public distrust that government authority and consistency should be reinforced⁴.

10. Delivering on promised results is not limited to better and efficient services. We regret that the proposed framework for discussion suggests that the other key government function to regulate the economy and the private sector for the benefit of wealth creation and its equitable distribution in society has no role to play in debate. The systemic crisis that is shaking the governance and accountability of large corporations and global financial institutions across the OECD is a major challenge for governments. Enron is not only a crisis of confidence in the corporate system, but also in government capacities to hold to account the private sector and financial markets.

11. This OECD ministerial meeting on public trust comes at an appropriate time. The proposed framework includes important issues to be addressed, but it is not as comprehensive as TUAC would wish. We call the participants to take due account of our comments in this paper, and commit to a continuing dialogue with the labour movement in the follow-up of this event.

⁴ Allen Schick at the Brookings Institution has conducted reviews of public service reform in the mid-1990s in a number of OECD countries for the governments concerned (Australia, Britain, France, New Zealand, Sweden, and the United States). In his New Zealand review, Schick noted that the contractual approach had certainly been effective in generating technical efficiency and accountability. However, he expressed his concern that it was very inadequate on two other counts: it failed to address the issue of whole-of-government coherence and accountability; and it did not serve the stewardship function that is necessary to develop and maintain the human resources, knowledge and skills that go beyond just making the trains run on time (not his analogy). Allen Schick, *The Spirit of Reform: Managing the New Zealand State Sector in a Time of Change*, 1996.

Appendix 1: Tripartite processes in New Zealand

The Table below records the number of fora in which the New Zealand Council of Trade Union or its affiliated unions were involved in 2003. The level of recognition and involvement of the CTU varies widely in the examples listed below. Acronyms and names have not been referenced, even if they are not familiar to other OECD member states, because the point is to show that part of the reason for New Zealand now being seen by the IFIs as one of the best places to do business is because unions are built in to much of the policy making, have a voice in government or government-business-worker sectoral or whole-of-government debates and developments. This is a complete contrast to the situation over the previous decade to 1999.

Initiative	When Started	Why	Who participates - union / employer / Govt / NGOs? (Specify key individuals)	Progress
PSA Partnership for Quality	Formalised in 2000	PSA Strategy to involve members on key workplace issues and processes	PSA, Ministers, Chief Executives – various forums	Has continued to develop and is now at the stage where PSA are wanting to broaden and deepen the PFQ
Health Sector Tripartite Steering Group	Early 2002	Initially Minister's response to industrial unrest. Now "to provide mechanisms for the implementation of a culture of constructive engagement throughout the health service".	Ministers of Health and Labour; DHBs (board members, CEOs, DHBNZ staff); unions (reps from CTU Health Sector Group), serviced by MoH with attendance by Gordon Davies; co-chaired by Ross Wilson and Syd Bradley;	Has developed a framework to be implemented both tripartitely and bipartitely (nationally, regionally and locally). The first tripartite issues are retirement income and pay and employment equity. The first bipartite issues are the health sector code of good faith and implementation of the Health and Safety in Employment Act. Joint union meetings have been held regionally from 8 September 2003.
Aged Care Forum	2002	Ruth Dyson's initiative.	Convened from the Minister's Office by Lyndon Keene, serviced by MoH, attended by MoH, HWAC and ACC as well as employers, unions (SFWU, NZNO and CTU) and consumer groups (Age Concern, Grey Power and DPA). Strong sector buy-in.	Meets 2-3 monthly. Agreement on need for a nationally recognised qualification. Treasury funding of \$1m (GST inclusive) for quality and safety research including a workforce profile. This is background work for a 2004/5 Budget Bid to implement a foundation qualification that results in higher wages at no cost to employers.

Initiative	When Started	Why	Who participates - union / employer / Govt / NGOs? (Specify key individuals)	Progress
Wood Processing Strategy	2001	To address major economic development issues in the sector	Govt, employers, unions. Led by Ministers.	Generally seen as delivering key gains and has been a model of how to focus on key issues
Textile Clothing Footwear Carpets Strategy	2002	To produce a strategic approach for the sector	Govt, employers and unions	Good Progress – but key issues unresolved. New tripartite IDO established.
Nelson Seafood Cluster	2003	To produce a strategy	Govt, local govt, employers and unions	Early days
Productivity discussions	2002	To identify ways to lift the rate of productivity growth and to monitor and measure changes in productivity	Bus NZ and CTU and Treasury	Early days. Document produced for consultation with “constituencies”
Pay and Employment Equity Taskforce	May 2002	To advise the Government on a five year plan of action to address factors that contribute to the gender pay gap in the Public Service and public health and education sectors.,	4 CTU reps, Diana Crossan, Joanna Beresford, Secretaries of Labour, Women’s Affairs, Treasury and SS Commissioner.	Progressing well. Contractors to be appointed by 23 September for Taskforce projects that will inform the development of the plan of action. Next report (and budgetary implications) due 1 December. Final report due 1 March.
Tripartite Skills Initiative	2002	To promote workplace training and generate initiatives to meet the Government targets for trainee numbers	CTU, Bus NZ and TEC (for Minister)	Budget approved. Branded as Skill NZ. Work to be done to finalise initial programme.

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Initiative	When Started	Why	Who participates - union / employer / Govt / NGOs? (Specify key individuals)	Progress
Advisory Group on NCP for OECD Guidelines for MNEs	2003	To promote the Guidelines	CTU, Bus NZ, Bus Council for SD, Government	First meeting in May 2003 but MED supported Veronica Nilsson visit
GIAB	2002	To liaise with Government and others on the growth and innovation framework	Range of business, academic, union and other "representatives"	Ongoing
Biotech Taskforce	2002	To develop a strategy for the sector	Individuals from sector including a union person	Report out
ICT Taskforce	2002	To develop a strategy for the sector	Individuals from sector including a union person	Report out
Screen Production Taskforce	2002	To develop a strategy for the sector	Individuals from sector including one non-union person nominated by the CTU	Report out
G5 Retirement Savings Group	2000	To promote policies to support workplace retirement savings	ISL, ASFONZ, Retirement Commissioner, CTU, Bus NZ	Policy influence on tax on employer contributions and Prospectus requirements
State Sector Retirement Savings	2002	To introduce a new proposal for retirement savings in the state sector	CTU, rep from CEO's group, Officials	Reasonable progress
Small Business Advisory Group	2002	To monitor and develop initiatives to assist small business	Individuals, Bus NZ, CTU but new permanent group to be appointed	Reasonable but still early days

Related consultation with social partners, but not formal tripartite structures

Initiative	When Started	Why	Who participates - union / employer / Govt / NGOs? (Specify key individuals)	Progress
ILO Conventions	Longstanding	International obligations	DoL (Legal Services) co-ordinates separate responses from CTU, Business NZ and sometimes NGOs.	Ongoing
HSE Implementation Panel	2002	Advice on implementation issues arising through the Select committee process	CTU and BusNZ	Completed
Employment Relations Education Advisory Committee	2000	Approves applications to the ERE Contestable Fund	2 CTU reps (Carol Beaumont and Sharn Riggs), BusNZ reps and 3 education sector reps	Ongoing