

**GOVERNANCE AND PUBLIC POLICY
REPUBLIC OF IRELAND**

Diploma Examination

7 December 2006

MARKING SCHEME

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Question 1

(a) (i)

- Quality Customer Services
- Regulatory Reform
- Openness and Transparency
- Human Resource Management
- Financial Management
- Information technology

1 mark each

(6)

(ii) The answer should identify the following issues:

Regulatory Impact Analysis

- The estimation of likely costs of new legislation
- Analysis of alternative routes for achieving policy
- Developing policy implementation skills

1 mark each

Performance Management and Development Systems

- Better communication between grades in public service
- Assessment of Training needs
- Better alignment of tasks with skill sets
- Implementation of corporate strategy

1 mark each

(7)

(iii) Public sector reform in Ireland has witnessed a significant increase in the amount of new bodies designed to increase information flows between the public and institutions of government. However, the more of such bodies there are, the greater the likelihood of duplication and overlap there is. For example, the Office of the Ombudsman examines the work of the public administration, yet this is a role also performed by parliamentary committees. Similarly, it may be argued that the freedom of information legislation overlaps with the role of parliamentarians in asking parliamentary questions and discovering information on aspects of the public service. Certain sectors also have several oversight bodies such as the environmental sector, where central and local bodies perform oversight work along with the Environmental Protection Agency. Disagreeing with this statement, it is possible to argue that the growth of the public sector requires commensurate oversight bodies as part of good governance within that sector. Problems have occurred in the past where inadequate oversight mechanisms have resulted in poor control of services and activities. Therefore, the more oversight agencies there are, the better it is for the scrutiny of public expenditure and policy-making.

1 mark for each well made point, up to an overall maximum mark of (7)

- (b) *This is a highly subjective question that may generate a wide range of plausible answers which differ from the example shown below. The question therefore needs to be marked pragmatically.*

Social partnership agreements have occurred every three years since 1987. As they have occurred, the number of partners has tended to expand and has meant that more and more decisions are taken in the agreements, away from the national parliament. Also, as the approval of neither House of Parliament is necessary for the agreements, it gives the government a particularly strong hand in negotiations. However, it is argued that this does undermine the concept of parliamentary democracy.

During the 1990s and over the successive national agreements the social partnership model has evolved into a radically different mode of policy making. The number of actors involved in the process has increased and significantly has extended beyond the economic interest groups and has included voluntary groups representing the disadvantaged sectors of society. The process of developing the national agreements has become an end in itself, encouraged consensus and fundamentally changing the way decision making takes place. It has promoted the values of co-operation, compromise and problem solving. It has moved on from a process of policy formation to one involving the social partners in implementation and, increasingly, policy review.

Social partnership remains at the centre of the government's approach to developing and implementing policies affecting the labour market and the welfare state. It has proved resilient and broadly successful in securing consensus on the key objectives of public policy. But the partnership approach may not always be able to deliver the benefits that it has done over the past 15 years. In particular, the national model has failed to provide a solid foundation for local or community decision making, something that is recognised as an essential element if the developmental welfare state is to function properly.

Up to 2 marks for each point well made up to an overall maximum of (15)

- (c) The SMI process is part of a global trend in developed democracies to bring best practice from the private sector into play in the public sector, which is often regarded as slower to respond to the needs of citizens. However, critics of the reform programme argue that the public service is not equivalent to a private sector firm, and that the values and ethos of public service cannot be quantified. They argue that profit-making is not a motive of public servants, and that any reforms initiated should reflect the unique nature and ethos of public administration.

Furthermore, the use of new terminology has been difficult for many to get used to. In particular, the concept of citizens as 'customers' has proven problematic as public servants are not comfortable with the idea. However, this is a commonly identified problem when there is a shift from a 'sovereign' state based on standardisation and equality, to a 'supermarket' one, where services are tailored to suit citizens' demands. There has also been criticism of the emphasis on 'processes' and 'outputs', as well as the myriad of monitoring devices or 'performance indicators' which have become a feature of the Irish administration.

The title 'Strategic Management Initiative' failed to capture the imagination of most public servants and since the PA Consulting Report in 2002, it is more common to see the term 'public service modernisation'. Also, a survey conducted in 2003 revealed that 25% of civil servants could not name any new initiative in the previous five years. This seems to suggest that the SMI process has not 'trickled-down' to the grassroots level yet.

Also, the fact that the SMI model was based on experiences elsewhere (especially New Zealand) which were perceived to be successful, does not mean that they will work in Ireland. Indeed, in the case of New Zealand, significant difficulties have been encountered several years after their reform programme which demonstrate that 'New Public Management' reforms based on the business model are the solution for all ills. Indeed, a particular challenge for the Irish public administration today is to ensure that the values underpinning the administration – such as trust, impartiality, integrity - are not lost in the midst of the reform process.

It is also argued that the SMI is not in fact that radical a programme and that many of the reforms were in fact inevitable. This is particularly true in respect of financial management, it is proposed.

1 mark for each point well made, up to an overall maximum of (15)

(50)

Question 2

(a) Command Economies

All economic decisions are taken by the central authority.

The state plans:

- The allocation of resources between consumption and investment.
- The output of each industry and firm.
- The distribution of output between consumers.

Benefits

- Economy can be directed towards meeting specific national goals.
- High growth rates can be achieved if investment levels are kept high and consumption is kept low.
- Unemployment can be largely avoided, though underemployment can become a serious problem.
- Income can be distributed according to needs.

Downsides

- Bureaucratic costs tend to be high in terms of collecting and processing information.
- There is no price mechanism to adjust for the scarcity of specific resources.
- It is difficult to motivate workers simply through the use of incentives.
- People lose their freedom in relation to where they work, what they buy or how. they make changes in their buying habits.
- Governments may have to enforce unpopular plans.

1 mark per point well made up to a maximum of 5 ½

Free market Economies

Land and capital are privately owned and economic decisions are made by individuals and firms, usually in their own self-interest.

Firms try to maximize their profits, consumers try to get best value-for-money and workers try to maximize their wages.

Price, through the supply-demand mechanism, is the key determinant in allocating scarce resources

Benefits

- It functions automatically through the price mechanism.
- Power is shared between various competing groups.
- Resources are used efficiently because firms seek to maximize profits, workers earn more by being efficient and consumers seek best value-for-money.

Downsides

- Free markets rarely perform perfectly so levels of efficiency are rarely maximized.
- If the number of competing firms becomes too small, there may be less incentive to be efficient.
- Power and wealth are unevenly distributed.
- Some socially desirable goods (merit goods) may not be produced in a free market.

- There may be conflicts between a firm's desire to maximize profits and the social damage that can be caused by such actions (externalities).
- Free markets can lead to macro-economic instability (eg recession, rapid inflation).
- The encouragement of self-interested behaviour may encourage selfishness, greed and materialism.

1 mark per point well made up to a maximum of 5 ½

Mixed market Economies

There are few examples of either pure command or pure free market economies.

Nearly all countries operate some form of mixed market economy.

UK is a good example of a mixed market economy having some free elements combined with considerable government intervention.

Government intervention tends to focus on:

- Relative prices of goods (through taxation).
- Provision/subsidisation of merit goods.
- Relative incomes (through taxation).
- Patterns of production and consumption (through legislation, provision, taxation and subsidies).
- Macroeconomic issues (inflation, interest rates, unemployment, exchange rates).

1 mark per point well made up to a maximum of 3

(14)

(b) Initiation

The initial introduction of new ideas, coming from the executive, party members, civil servants, parliament, the media or pressure groups.

2

Formulation

Identifying and clarifying as to what is involved, and making decisions about future policy (the bureaucratic process).

1

Several readings and debates in both Houses of Parliament (the legislative process).

1

Implementation

Actually carrying out the policy.

1

Often the most problematic of the three stages.

1

(6)

(20)

Question 3

(a) Roles include:

- Providing information for management and taking part in planning activities (management accounting). 1
- Planning the use of funds (budgeting). 1
- Planning future investment and capital projects (investment appraisal). 1
- Producing accounts to show how public funds have been used (financial accounting). 1
- Examining and confirming financial reports (auditing). 1
- In each of these roles, the accountant should focus on:
Efficiency (ratio of output to input).
Effectiveness (success in achieving objectives).
Economy (success in minimizing the organisation's inputs). 1
- (6)

(b) Major Constraints:

- Objectivity**
If different accountants use the same figures, do they present the same reports? In practice, probably "no". Some data are subjective such as replacement costs or working lifespan of equipment 1 ½
- Consistency**
A single year's reports cannot give a full picture of an organisation's performance. In many cases, stakeholders will want to study reports from a number of years. But this raises the issue of consistency of measuring various factors, definitions of which frequently change over time. 1 ½
- Comparability**
A similar issue to consistency. When comparing performance of two or more organisations, can you be sure that you are comparing "like with like"? 1 ½
- Timeliness**
The more information that is needed in a financial report, the longer it will take to prepare (and will thus become less relevant when eventually published). 1 ½
- Ease and Cost of Preparation**
Reports could be produced more rapidly and thus become more relevant if organisations employed more accountancy staff. However, at some point the value of increased relevance would be outweighed by increased costs. 1 ½

Materiality

To ensure that all users can find the information they need, the limit of what is “material” can be extended. But this will result in a loss of timeliness and in increased preparation costs.

1 ½

(9)

(15)

Question 4

(a) Judiciary

This comprises the Irish system of criminal, civil and other specialised courts and tribunals. 1

Its role is to interpret and apply legislation. 1

Executive

This comprises the Taoiseach and the Cabinet. 1

It is responsible for the day-to-day running of the government. 1

Legislature

This comprises the two Houses of the Oireachtas. 1

Its role is to discuss and create legislation. 1

(6)

- (b)** *This is a highly subjective question that may generate a wide range of plausible answers which differ from the example shown below. The question therefore needs to be marked pragmatically. The main point should be:*

Brief mention of conventional wisdom that Irish parliament has weak role in policy making. Setting out of structure along lines of where government dominates parliament and how many decisions taken away from chamber. May also argue that parliament still has major role.

Student should analyse how the opposition has little room to oppose government and also how policy not made in parliament but in departments. Also the dominance of political parties. Social partnership and other extra-parliamentary activity by government is worthy of discussion here. May alternatively argue that parliament still a key player in process. It must be clear that modern parliament is either weak or cannot be written off.

(9)

(15)

Question 5

A wide range of examples, which are not encompassed in the list below, may be given in answer to this question. If such examples are correct, they should be awarded full credit.

Discussion of meaning of clientelism and localism. It has both negative and positive connotations. Often, it seems that competition between the parties is between services rendered rather than policy differences. Identification of unusual features of the Irish electoral system, and how they contribute to personal rather than party or national policy vote. Consequences of this for:

- (a) Party system. Intraparty competition stronger than inter-party rivalries.
- (b) Parliament – usually fragmented with options for coalitions post election
- (c) Government - pressure to bow to local demands rather than national interest on occasions
- (d) For public policy, can inhibit fair and equitable distribution of resources.

The growth in the workload of a TD's constituency service has caused many problems. It is the single biggest reason why people call for change in electoral system. Chubb was first to highlight this when he wrote in 1963 of a TD's job as 'Going about persecuting civil servants'. Successive Taoisigh have called for electoral change (FitzGerald, Haughey and Reynolds). The paper should also consider the lack of national policy focus on behalf of most legislators. But perhaps better resources is answer for TDs to manage local and national issues.

Attempts have been made previously to change the electoral system. Referenda in 1959 and 1968 rejected. Changing the electoral system may have consequences for proportionality and constituency representation. It would also affect party organisation. In any event a referendum to change the system would be unlikely to succeed as it has proven to be popular with the electorate

Up to 1 mark for each point well made up to an overall maximum of (15)

(15)