
Social Context of Public Administration Reform in Slovenia

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Sažetak

Public administration reform in Slovenia is regarded as an ongoing process with intertwining political, legal, sociological, economic, information-based, and other dimensions of the efforts and activities involved. The main sociological-political aspects include the guidelines of social and economic development directed by Slovenia's membership in the EU. These comprise particularly the programme for reducing the administrative burden, the use of quality management tools in public administration, the privatisation of service provision, public-private partnerships, streamlining of administrative structures, reduction of the number of employees, and regionalisation. However, the Slovenian public administration must above all operate in accordance with the law, while the principles of customer-orientation, economy, effectiveness, and efficiency come second in importance.

Key words: reform, public administration, Slovenia, globalisation, strategy, EU, organisation, quality, efficiency

1. Introduction

The reform of public administration is undoubtedly one of the greatest projects of independent Slovenia. Its significance, which corresponds to the complexity and magnitude of the target reform field, is indisputable – it involves the overhauling of the entire system. Citizens are part of this system and responsible to it, and they may therefore also expect and demand certain benefits from it. This is a mutual system involving all the inhabitants of this territory, whose welfare partly depends on the system. Therefore, public ad-

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ministration in Slovenia should be comparable to Slovenia's role model systems that guarantee a high level of social welfare. At the same time, it must also be adjusted to Slovenia's specific circumstances in order to suit both the users and the providers of administrative services. We should take into consideration the fact that the Government formulates public economic policies because of the relative scarcity of (public and private) goods and services with the aim of directing the allocation of resources, increasing stability in the allocative and distributive processes, and improving the satisfaction of human needs in general. The main difficulty is how to put these ideas into action – how to apply these unwritten principles in the implementation of concrete measures in specific reform areas. Modernising a bureaucratic, closed, unresponsive, self-sufficient, and often self-willed system and transforming it into its opposite requires extensive knowledge, political will, and time. The process must be conducted very carefully to avoid doing more harm than good, since the correction of mistakes also has a negative effect on the reform process (Rus, 2001). The paper analyses the reasons for and the achievements and objectives of the public administration reform in Slovenia and compares the achieved results with the set objectives. Further, it identifies potential mistakes and untapped possibilities – the reform's lost opportunities. The goal of the paper is to give an overview regarding the grounds and actual activities of the continuous reform processes from 1991 till 2007 in Slovenian public administration.

2. Reasons for the reform

Liberalisation has been the key objective of public sector reforms carried out since the late 1980s worldwide – particularly in the OECD countries. Liberalisation comprises:

- deregulation at the normative (legal) level,
- decentralisation at the predominantly organisational level, and
- privatisation at the economic level (in detail in Kovač, 2006).

These three levels are interconnected and build on each other at the functional level (the level of competences). The functions and duties laid down by regulations are supposed to determine an optimal organisational structure matched by prudent public spending. In other words – from the viewpoint of international financial organisations that work together with the OECD, notably the World Bank and the International Monetary Fund – only those organisations that can provide public goods and services and contribute to the core goals should operate as organisations of the public sector, whereas other functions should be transferred to organisations outside the public sector or at least outside public administration, which use public funds more cost-ef-

fectively in the market – they deliver “*value for money*” (Grell, 2002). The latter is achieved either by abandoning certain tasks or activities, or by selling, privatising, or delegating them to another level of the government sector. However, policy-making and regulatory functions can never be privatised since they have no market (commercial) value (Osborne and Plastrik, 2000). The contemporary government is thus undergoing the transformation into a modern or post-modern government.

In today’s turbulent environment, there is an ever-present tendency towards improvement and change. Thirty years ago, when reforms throughout the world were in their embryonic stage, it took a critical situation to provoke changes. A reform avalanche was only triggered by a crisis in public finances, i.e. an excessively high share of public spending in gross domestic product. The motives for the reform of the Slovenian public administration can in addition to that be summed up into three categories (Pirnat, 1993, Zajc, 2004, Kovač, 2006): the transition to a new social, political, and economic system; the pressures and incentives from the European Union (EU); globalisation.

Public administration reform in Slovenia has been underway ever since Slovenia became independent in 1991 and thus changed its entire social, economic, and political system. At first, the administration could (or would) not keep up with these changes due to the inherited situation and initially also due to the lack of effort to introduce changes. However, the country soon realised that the backwardness of its administration in the reform process was adverse not only to the administration itself but also to all other segments of society, and that it prevented and hampered further development. It therefore set out to reform public administration in a more organised way, which included the use of reform models applied in other countries (Kovač, 2006). Naturally, the system of public administration had to be adapted to the local cultural, historical, political, and other circumstances, which hindered the whole process considerably. As an independent republic, Slovenia aimed to build a democratic society founded on market mechanisms; the transition is still an ongoing process (Zajc, 2004). Slovenia was forced to keep certain federal regulations that provisionally replaced its own national legislation, which could not be drawn up in such a short time. In the first six years after proclaiming its independence, Slovenia laid the most fundamental and critical foundations for its functioning, especially by building its own institutions. With the disintegration of the structure and power of the Communist Party, numerous new political parties sprang to life, reflecting the instability in political orientations, which blocked the development of reform impulses and caused certain characteristics of socialism to persist for several years after the country’s break-up from Yugoslavia. Pirnat (1993) singles out the main weaknesses of this kind: the transmission character of administration, the interventionist role of the state in regulating

social conditions, the communal system, and the highly political criteria for hiring administration employees.

In 1997 the reform of public administration became a priority task of the Government in the process of Slovenia's entry to the EU, which had always been one of Slovenia's foreign policy priorities. Slovenia would have carried out the reforms regardless of the EU but it would probably not have achieved the same level of development in this period as it did thanks to the pressures and incentives from the European institutions. In addition to the basic criteria for joining the EU (geographical, political, economical, etc.), the EU's main requirement was that Slovenia should establish a framework for the implementation of *acquis communautaire* (European Principles for Public Administration, 1999). The EU therefore cannot be said to require candidate countries to carry out specific measures to modernise their administrations, but it does suggest a direction of development by means of certain instruments. The *European Administrative Space* was therefore established to guide countries along a path that satisfies the European criteria (more in Kovač, 2003). It comprises a set of standards and principles that were developed at the end of the 1990s as an informal *acquis communautaire* in the area of public administration to address the needs of the new EU enlargement.

The highly dynamic and constantly changing society also forces the administration to change continually. These changes are dictated by the sweeping globalisation processes. Globalisation can be defined as a growing connectedness and interdependence in the modern world, or as an emergence of a whole network of interactions in all areas, from the economy to ecology, from culture to security. This is a process in which the developments in one region rapidly affect the situation in other parts of the world. The benefits of globalisation, however, are unequally distributed (Zajc, 2004). Globalisation is not inherently adverse to countries and their citizens. The question is how to avoid its negative consequences. This is where public administration plays a crucial role, the governance of society being its primary function. It is therefore essential that every country reforms its public administration and adapts it to global trends; at the same time, however, it should control and restrain the effects of globalisation that might otherwise prove detrimental. A modern government must be cost-effective as a whole. This calls for a lean, economical, streamlined government without unnecessary functions. Lean governments are supposed to be particularly suitable for small countries, although they are more difficult to implement in a small country due to the required minimum administration. According to Rus (2001), the shortage of staff and financial resources should be compensated for by civil society partnerships. Without the participation of civil society, two million citizens are not enough for a sufficiently differentiated and specialised system that could successfully address the questions posed by the global environment.

The New Public Management movement in particular strives for efficiency, emphasising specific mechanisms such as the decentralisation of decision-making processes (more Peteri, 2002), separation of political and implementing levels, customer-orientation, higher productivity and economy (cost-effectiveness), introduction of (quasi-)competition in the public sector, accountability for results, etc.

From the viewpoint of the modernisation of government as a lean entity, Pollitt (2004) describes the reform as comprising:

- Internal requirements: customer-orientation, achievement of goals and standards, constant improvement of the quality of services, restructuring towards a flatter structure, decentralised decision-making, expenditure control, and rewarding of employees.
- External requirements: formulation and implementation of strategies rather than mere implementation of rules, a proactive approach, application of market mechanisms, partnerships with other organisations.

Pusić (1989) reflects on the dual nature of a modern government in the 20th and 21st centuries, acting as both an institution and an organisation. This dual role of the government leads to two fundamental questions, which are also relevant for the general theory of systems: (i) how to control the government; and (ii) how to make it as efficient as possible. The institutional make-up of the government is traditional and guarantees the legitimacy of power. The privatisation or delegation of the government's functions is inconceivable. The government as an institution is based on binding rules; it carries out systemic integration, reduces uncertainty, performs constitutional tasks, imposes sanctions, and thus guarantees the assertion of the general (public) interests. On the other hand, the government as an organisation is committed to efficiency, which makes privatisation, along with deregulation and decentralisation, a possibility. The government as an organisation guarantees effectiveness; it is based on agreed goals, it carries out social integration, asserts the common interests, ensures greater efficiency, and performs managerial and executive tasks. This dichotomy can be conditionally applied to certain government sectors. The government as an institution is by all means represented by internal and foreign affairs, defense, and finances (the budget), while a number of the elements of the government as an organisation might be found within the remits of the ministries of culture, education, science, labor, and social affairs. In simplified terms, the public interest is safeguarded by the state-building government sectors, while other departments coordinate public services at the level of an organisation whose task is to uphold the common interests.

Public administration is becoming more market-oriented by applying the principles of *New Public Management* (NPM) to its operation. The global re-

form of the public sector has redefined its very specificity which had always seemed an insurmountable barrier to reorganising the public sector and make it function in a similar way as the public sector. Extensive research has led to a new mentality that wants to introduce competitiveness in the public sector and help it make a better use of the highly developed findings, approaches, methods, and techniques of modern general management, which would make the system less closed and self-sufficient. New Public Management encompasses a set of concepts, principles, and techniques aimed at applying business principles to public administration in order to increase its overall efficiency. The main concepts of NPM are: transfer of the service provision function outside public administration, measuring effects and accepting responsibility, customer-orientation, autonomy and decentralisation, introducing competitiveness, improving communication by means of deregulation and IT technology, prudent use of financial resources, etc. (Lane, 1995).

The application of these concepts makes public administration more active, timely, flexible, and open. Based on the principles of NPM, the progress and development in this direction are taken further by the OECD doctrine of *Good/Corporate/New Governance* (OECD, 2004). One of the reasons for the development of this doctrine is the opinion that a developed market and a firm government go hand in hand, which is held by many international organisations. The doctrine of good governance of national governments as central power holders calls for active coordination of all social players, business entities, trade unions, non-governmental organisations, and individual stakeholders that jointly contribute to the overall progress of society. The principles of good governance in Slovenia are emerging in theory (and much slower in practice) from 2003 on, being built in the lately passed Strategy of Development of Slovenia till 2013 (Strategija, 2005), mainly prepared to put forward the priorities Slovenia has to challenge in the first decade of full membership in the EU. Slovenia has met some major milestones so far by becoming an independent state in 1991 and joining the EU in 2004. If public administration had not responded to new needs of the state and its people, Slovenia could not have been facing new challenges, such as introducing the euro in 2007 or holding the presidency of the EU in 2008.

Increasingly many public administration bodies in Slovenia are becoming aware of how important it is for the administration to function as an efficient and friendly service for its customers – citizens and businesses. The Government, representing the top of the administrative structure, particularly emphasises this objective. As a result, quality management and the achievement of business excellence goals are finding their way to the forefront of reform endeavors in the Slovenian administration. Experts have developed numerous models for the evaluation of the quality of services provided by public administration bodies. Since 2000, CAF, i.e. the *Common Assessment Framework* for public sector organisations, has been the most popular model

in Slovenia and in other public administrations within the EU. The latest version of CAF model from 2006 focuses on the principles of excellence, good public governance and innovation (EIPA, 2006). It is a total quality management tool that takes into consideration the specifics of public administration – particularly its limited mandate for decision-making – political influence, customer- and process-orientation, non-financial effects, etc. (Kovač, 2003). As a result, the usefulness of CAF is increasing rapidly. There are currently around 800 users; the figure is planned to be raised to 2010 users by year 2010 (EIPA, 2007), among those 100 users till the end of 2007 in Slovenia.

3. Reform goals

No system can be modernised without a goal, let alone a system as complex as public administration. However, setting goals is not enough. It is also necessary to create circumstances in which goals can be achieved. In other words, it is necessary to anticipate possible situations that could be adverse to reform measures, and prepare a strategy to neutralise such obstacles. Based on reform experiences in other countries, theorists in the field of public administration have singled out five prerequisites for a successful transformation of public administration (Dujčić, 1997, Kovač, 2006):

- **Political will:** The modernisation of public administration is a complex and long-lasting process. Therefore, the Government in power tends to gradually forget about it and give priority to more pressing and politically attractive issues which show results sooner and whose success is more noticeable. Yet the reform of public administration cannot succeed without political support and encouragement. In Slovenia, the endorsement by the political leadership was particularly critical in the mid-1990s, when all national sub-systems were replaced by new ones. Today, it is mainly required for the implementation of the Lisbon Strategy at the EU level.
- **Sufficient funding, time and phased implementation:** The level of resources (particularly financial) that will be available for the realisation of reform measures also depends on political will. Since the political will for reforms has always existed in Slovenia, the funds for their implementation have also always been raised. The EU funding in particular has contributed a great deal to the Slovenian budget, mainly in the context of PHARE programme. In addition, reforms tend to be long-term projects that do not deliver objective results until a fairly long practical application. Haste usually does not pay, since the quality of reforms is more important than the pace at which they take effect. It is therefore vital that reform proposals are introduced progressively, in a logical time

sequence. Any major project requires a strategy. This precondition entails two aspects. On the one hand, the strategic plan must provide the expert background to the reform by clearly defining its motives and objectives, bodies responsible for implementation, the areas to be reformed, and the working method. Slovenia did not receive its first strategic plan of this kind until 1997. Before that, public administration reform was carried out rather incoherently and haphazardly. On the other hand, the strategy must also provide a neutralisation plan for the expected resistance to administrative reforms (to exaggerate the weaknesses of the existing solutions and compare them with the expected effects of the new model or to cooperate with the target groups that are most affected by a certain area; e.g. local communities, which require stronger decentralisation, or business entities, which cannot increase their competitiveness if the administrative burden is not reduced).

In comparison with the previous strategic documents, the current strategy of Slovenia's development, Slovenia's Development Strategy, effective until 2013 (Strategija, 2005) focuses on the concrete implementation of its objectives and on their continual improvement and revision. All areas of social development dealt with in the strategy are closely linked to the area of public administration. The strategy includes five development priorities: (i) a competitive economy and faster economic growth; (ii) efficient generation, two-way flow and use of knowledge for economic development and high-quality jobs; (iii) efficient and cheaper government; (iv) a modern welfare state and higher employment; and (v) integration of measures to achieve sustainable development. The aim is to create a liberal market economy supported by an economically efficient and flexible government, yet still based on the principles of social partnership. The strategy therefore emphasises the need to reform the institutions of public administration into flexible and pliable systems capable of devolving their competences to local and regional levels. The measures proposed under this priority include the withdrawal of the state from company ownership; partial privatisation of administrative functions; establishing standards of effectiveness and efficiency; creating a more flexible reward system; etc.

Public administration reform is expected to deliver two main results: (i) more cost-effective use of the available financial resources; and (ii) higher quality of public services (a more democratic, open, efficient, faster, and customer-friendly public administration, Strategija, 2005). Based on these requirements, we can formulate the fundamental and very general aim of the public administration reform – to create a modern public administration system whose structure and functions are adapted to the needs of a democratic system of government, market economy, and the provision of social welfare to citizens (Pirnat, 1993). However, this objective is much too general and can be used merely as a basis for defining more detailed and spe-

cific goals that are also more clearly achievable, feasible, and above all less abstract. The governmental Strategy of Further Development of the Slovenian Public Sector 2003-2005 sets out the Government's vision of establishing a public administration based on the principles of legality, legal certainty and predictability, political neutrality, customer-orientation, openness and transparency, quality, and effectiveness and efficiency. Similar objectives are found in Slovenia's Development Strategy for the period until 2013 (Strategija, 2005), which is a continuation of the mentioned strategy.

There are specifics in every state regarding the process of public administration reforms, but one can find common characteristics in politically similar countries. In the group of Southeast European countries Lane (1995, in detail also in Kovač, 2007) introduces similar developmental phases:

- Transformation – establishment of new system with several political parties, regular elections, local self-government etc.;
- Consolidation – new political system is stabilized, new opportunities for privatisation are opened, there is the process of denationalization and implementing free market elements;
- Modernisation – only in this phase the actual reform process is in place, such as in developed countries with changed role of public institutions, their reorganization and gradual deregulation;
- Adaptation – measures to establish efficiency and effectiveness are introduced, usually due to EU pressure, demanding a set of changes regarding legislation and regulation.

Following this classification, the development of the Slovene administration can be divided into four periods:

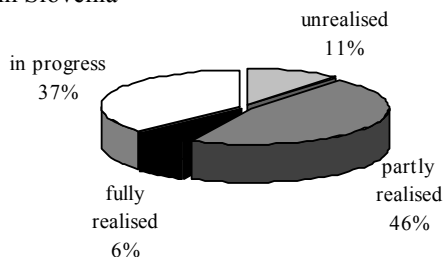
- Between 1991 and 1996, the reform focused on institution building in the administrative areas which were taken over by Slovenia from the federal state, such as defense or customs. Subsequently, the reform aimed at adapting the public administration system to the constitutional concept of separation of powers and the two-tier system of the state administration and local self-government in 1995.
- The period between 1996 and 1999 was characterised by negotiations for Slovenia's membership in the EU. Slovenia drew up its first comprehensive document, the Strategic Plan for the Implementation of the Slovenian Public Administration Reform 1997-1999, which set out two goals: to increase the efficiency of administration and to harmonise the legislation with the EU.
- The period between 2000 and 2003 saw the introduction of quality models, targeted training, development of e-government, activities aimed at

establishing regions, etc. Apart from these activities, the main task was to harmonise the national legislative framework with the EU law. A package of laws was adopted in 2002: the Civil Service Act, the Salary System in the Public Sector Act, the State Administration Act ... Following the adoption of these laws, the European Commission, for the first time, gave a positive assessment of the transformation in its Report on Slovenia's Progress towards Accession to the EU.

- Between 2003 and 2005 and beyond: further modernisation of public administration has been underway based on the Strategy of Further Development of the Slovenian Public Sector 2003-2005 and Slovenia's Development Strategy. Both strategies place emphasis on areas that are largely aligned with the principles and values of NPM. The most recent strategy emphasises that the modernisation of public administration should be an ongoing programme.

In analysing reform goals we encounter the question of their realisation. It is impossible to precisely assess the reform realisation rate due to well-known reasons – the specific nature of this sector. Data on the realisation of reforms are thus marked by unintentional subjectivity since they can only be acquired by way of expert opinions rather than from concrete, accurate, and indisputable facts. An analysis of this kind, which covered all 171 goals set out in the first two national strategies, shed some light on the situation regarding their realisation. The results, which pertain to the situation until the beginning of 2006, are shown in Figure 1. These figures, albeit not absolute, indicate poor implementation of reform goals in the administrative system (only 6%, or 11 out of 171 goals, have been fully realised). The results may be attributable to excessively ambitious or too vague goals; some of them also depend on political will. The evaluation of the real value of these data is further complicated by the fact that some goals are long-term oriented. Nevertheless, the general view is that the goals are well-prepared and realistic and that they are simply being realised at a slower pace than planned.

Figure 1: Structure of realisation of goals set out in public administration reform strategies in Slovenia



Source: Šab (2005).

Given the lack of well-defined goals for the functioning of administration and administrative reforms, economic indicators are all the more relevant a gauge of the government's performance. They are particularly important in view of the repeated objective that the administrative reform should be geared towards raising the competitiveness of the national economy and conducted along similar lines as in other (especially EU) countries. The macroeconomic indicators for the Slovenian administration are within the EU's average range. For example, Slovenia had 6% of civil servants in the total labor force in 2002 and has reduced public spending as a share of GDP from 47% to 42% over the last few years. On the other hand, some international indicators raise concern. In the *World Competitiveness Yearbook*, compiled by the Swiss IMD, Slovenia is presented in a light of an institutional crisis or even relative corruptibility.

4. Reform areas and activities

The reform of the Slovenian public administration has been comprehensive, encompassing all administrative areas from all four aspects: the functional, organisational, managerial, and procedural aspects. The procedural aspect has been somewhat neglected since the launch of the reform because the administration functions as a monopolistic activity aimed at protecting the public interest and is therefore characterised by a high level of regulation, which reduces the possibilities for abuse of power. Since the beginning, the public administration reform has therefore placed more attention on the normative side of the reform, i.e. particularly the segment that defines the tasks and structure of the administration. This approach has been subject to much criticism. Critics believe that public administration cannot be successfully reformed merely by changing legislation. Instead, the reform should be based on the functional and procedural aspects to which the organisational makeup of the reform system should be adjusted. The public administration reform in Slovenia comprises the following areas: state administration, local self-government, public utilities, and individuals in relation to the administration, the system and training of civil servants, public finance system, and e-government.

The general organisation and operation of the Slovenian political and administrative systems is laid down in the Slovenian Constitution, which provided the basis for two laws that defined a new statutory makeup for these two systems – the Government of the Republic of Slovenia Act (ZVRS) and the State Administration Act (ZDU-1). All changes are therefore conditional on the changes in the statutory framework. In somewhat simplified terms, we could say that the reform of the Slovenian public administration started with the adoption of these two laws. The state administration is directly regulated by the ZDU-1. The implementation of this law resulted in a sub-

stantial transfer of powers for regulating the organisation of the state administration from the National Assembly to the Government, which ensured a greater flexibility of the parliament and reduced its workload. Moreover, the system of governance in the state administration was revamped and the status of the bodies attached to the ministries was more clearly defined. Among other provisions, the ZDU-1 stipulates that ministries must act in compliance with the Government's political guidelines (Article 56) and those ministries and other administrative bodies must cooperate with respect to all joint issues (Article 59). Before this law entered into force, the cooperation and links between the ministries (let alone bodies at lower levels) were very poor or even non-existent. The law also requires that ministries harmonise regulations (Article 60) and defines the territorial organisation of the state administration (Chapter V). It is clear that not all public administration functions can be carried out centrally, since the administration must perform its tasks in the entire national territory and must therefore be territorially organised. This entails the devolution of state administrative tasks to lower levels of the administrative system – territorial bodies – under centralised supervision of the functions performed in this way. This type of devolution is referred to as administrative decentralisation or administrative deconcentration. The purpose of administrative deconcentration is to increase the economy and efficiency of performing administrative tasks and to bring administrative services closer to the citizens. However, it should be emphasised that deconcentration applies only to the executive tasks of the state administration, while the preparation of expert bases for political decision-making is carried out at the central level.

No government has ever been able to manage all public matters by its bodies, i.e. to have a complete monopoly over the public administration. Therefore, a non-state administration has always existed. It has taken the form of territorial (e.g. cities and similar territorial communities) and functional (e.g. guilds, professional associations, universities) autonomies. Through the current situation in non-state administration, which is performed by means of public authority and similar instruments, the trend of a growing non-state administration is likely to spread further on the back of the globalisation of public services. This phenomenon is characterised by the constantly growing scope of public services, new commercial and industrial approaches of service providers, technological changes, new organisation types, marketing, etc. The general economic globalisation goes hand in hand with institutional (international organisations) and procedural globalisation (elimination of cross-border barriers and establishment of e-operations), while the entire process is underpinned by the globalisation of information and information flows.

In view of the above, the concept of “government efficiency” nowadays no longer refers merely to staff cuts in state administration but has acquired a broader meaning covering several aspects:

- the sociological dimension – the ability of the state to ensure the stability of the social system, especially by developing strategic partnerships;
- the economic dimension – efficient organisation of the state apparatus and consistent functioning of the administration and the business sector aimed at increasing the national competitiveness;
- the legal dimension – implementation of the legal order.

Para-governmental institutions mainly (albeit not exclusively) comprise specialised legal entities under public law such as public institutes, public funds, public agencies, public commercial institutions, and chambers with compulsory membership. They are also referred to as “non-state administration” because they are not part of the state administration but they are closely connected with it. They are established either by the state or by local communities to perform activities in the public interest. While public utilities are the most common types of such institutions, other organisations also perform state administration duties. In that case, they need to be vested by law with public authority that allows them to perform executive administrative duties. The aim of such delegation of state administration duties to entities outside the administration by means of public authority is to ensure greater flexibility and consequently greater efficiency, rationalisation, and competitiveness of these services, and to reduce the political influence on the authorised bodies. Therefore, it is of great importance the adoption of the Public Agencies Act (ZJA) together with ZDU-1, a framework law that regulated the new legal form of public authority holders (i.e. agencies) and laid down the rules for their operation. Based on this law, agencies were established in areas where the conditions and reasons for a relative autonomy (in terms of organisation, staff, funding, etc.) existed in order to ensure sounder management of public finances and a more efficient and customer-oriented provision of services. In addition to the efficiency and cost-effectiveness of performing regulatory, developmental, or expert tasks in the public interest, Article four of the ZJA (and Article 15 of the ZDU-1) stipulates that public agencies may be established where permanent and immediate political supervision over the performance of tasks is not necessary.

In Slovenia, local self-government, as a third part of public administration in addition to state administration and non-governmental organisations, was established when the country gained independence and adopted the Constitution of the Republic of Slovenia, which laid the foundations for its operation. The previous communal system was thus abolished. In effect, however, local self-government started to operate in 1993 when the key laws

in this area were adopted, notably the framework law – the Local Self-Government Act from 1993 with numerous amendments till (14 till 2007).

The reform of the Slovenian local self-government comprises five aspects: the functional, territorial, organisational, financial-material, and legal components. None of them has been fully realised thus far (Vlaj, 2007). The territorial aspect has received too much attention, while the functional, regional, and financial aspects of the reform of local self-government have been overly neglected. The predominance of the territorial aspect is also indicated by 210 municipalities, which is a high number for Slovenia's size, particularly in view of the fact that two thirds of them are partly financed through financial equalisation from the national budget. Slovenia is divided into many small municipalities and a few fairly large ones. The question of the equality of such municipalities arises since their influence cannot be equal, given the vast differences in size. Many small municipalities are unable to handle even their own matters independently, let alone any of the devolved state duties, as is the normal case in countries with a high level of decentralisation and as stipulated in the Slovenian Constitution. Despite all the flaws of local self-government we should not overlook the achievements of its modernisation: the harmonisation of procedures to a certain extent, the cataloguing of duties and competences, the catalogue of administrative procedures, the development of budgetary indicators and other attempts at reducing the administrative burden, and finally IT implementation in municipal administrations, which expedited many procedures and facilitated them for both the citizens and the municipal staff. The central role of the state is thus the only possibility in such circumstances.

Small municipalities are also very common elsewhere in the EU. However, other EU countries introduced a second level of local self-government (regions, provinces, counties) without hesitation, while Slovenia debated its (non-)establishment for almost 15 years before realising that it needs regions urgently due to the gaping abyss between the powerful state and the weak municipalities. The establishment of regions is now scheduled for 2008 and 2009. The main purpose of the establishment of regions is to achieve the highest possible level of decentralisation and ensure the application of the subsidiarity principle, which is one of the most important principles in the Europe as the measure of democracy in a country.

Public services, as a specific type of public tasks, are governed by two framework laws: public utilities are regulated in the Public Utilities Act (ZGJS) while non-commercial public services are dealt with in the Institutes Act, even from 1993 (ZZ). Public utilities are governed in more detail in sectoral laws that cover specific areas (environmental protection; energy, transport and communications; etc.). These public services are organised either at the national or local level. Non-commercial public services are typi-

cally organised as non-profit organisations in the areas of education, culture, health and social care, social insurance, etc. The forms of providing public services according to the ZGJS (Article 6) are: service units run by the state or by local authorities, public commercial institutions, public companies, concessions, and investment of public capital. Pursuant to the ZZ, non-commercial public services may be provided either by public institutions or by way of concession. The end of 2006 saw the adoption of the Public-Private Partnership Act (OGRS, No. 127/06, ZJZP), whose purpose is to enable and encourage mutual help and cooperation between entities from the public and the private sectors to ensure economical and efficient provision of public services and other goods or services in the public interest. Public-private partnerships are carried out in the areas of financing, design and engineering, construction, supervision, organisation and management, maintenance, and provision of public services and other activities (Article 6 of the ZJZP).

Government pressures are indisputably necessary in modern a free market, which would otherwise quickly become controlled by monopolies. The need for state intervention is confirmed by the entire legal order of the EC, which is dedicated to the assertion of the four freedoms of the European single market (the free movement of production factors and of goods and services). However, market dysfunctions are not the only reason for state regulation. Experiences from the OECD countries show that governments are becoming increasingly engaged in areas that concern pressing social issues, such as food safety and nuclear power. Political leaders pursue the social values that are arising in response to global problems. The view that a state based on economic globalisation is dying out is therefore unjustified (Rus, 2001, based on Savas). The authors of Slovenia's Development Strategy find it essential that the state should be redefined as the provider of public goods. The private sector is becoming increasingly important in this process. Furthermore, it is necessary to reduce the alienation of citizens from the decision-making processes.

A publicly owned company often has a monopolistic position – exclusive rights for the provision of a given public service that is provided commercially, while the state (or local community), which is the founder of the company with the corresponding rights and which owns capital shares in a public company (acting as a “shareholder” in a public company) sets the restrictions intended to prevent the abuse of monopoly position. This double role of the state is the main weakness of the current system, which is emphasised in the draft law on public companies (proposed already in 2004, but not passed till 2007 yet) and would also have to be eliminated in order to allow the expansion of modern trends (privatisation, liberalisation), particularly in the EU countries. It was established that the state's primary goal should be to meet the needs of its customers (i.e. to provide public goods and services), while the acquisition of profit should be subordinate to this goal.

Therefore, privatisation of capital shares owned by the state (or municipalities) is the only possible ultimate solution to this problem. The decision will have to be made whether public services will be provided by “pure public companies” without any private capital, or whether they will be restructured into commercial companies that will provide public services by way of concession. The EU also has a strong influence in this area, striving to introduce competitiveness into delivery of public services. This process is closely linked to the liberalisation and privatisation of public services. By putting these trends into effect, the EU aims to achieve not only the transfer of public service provision but also the transfer of the activity itself from the public to the private sphere. These endeavors are being met by strong resistance from the state (or municipality) that owns a company and therefore supports its monopolistic position rather than promoting competition. In Slovenia, the telecommunications sector is fully liberalised and these services have become commercial. In the energy sector, liberalisation has been carried out on a smaller scale. The state thus remains involved in these activities as a market regulator, a role performed by public agencies. Through these agencies, the state defines “the rules of the game”, which, however, must be such as to enable competition. Public agencies set the prices of goods and services, establish technical and other standards for the provision of public services, resolve disputes between the providers themselves and between the providers and users, control the provision of services, etc.

The area of public finances has also a major impact on the realisation of goals and programmes aimed at modernising the administration. The administrative system cannot be made more efficient until the stability of the public finance system is guaranteed. The public finance system must also be economical and cost-effective. In Slovenia, the system of public finances is governed by the Public Finance Act from 1999. The adoption of this law in 1999 marked the beginning of a gradual changeover to result budgeting in line with the principles and standards of the European Administrative Space. These goals are also endorsed by Slovene Framework of Economic and Social Reforms that present the Government’s plans and proposals aimed at achieving a sustainable budget deficit and reducing the structural deficit of the broader public sector up until 2010, which is one of the main objectives of public finance policy. The Government maintains that general government expenditure as a share of GDP should be cut in order to achieve this goal. Therefore, the first measure proposed for this period is to reduce general government expenditure as a share of GDP (by two percentage points from 2005 to 2008 and by a further two percentage points by 2012) and to gradually reduce the general government deficit and eliminate it by 2010.

5. Conclusions

The reform of the Slovenian public administration has been thorough. It has extended to all areas of public administration. Naturally, some areas have been given more attention regarding the changes introduced. Efforts to please the European Union, which is based on European integration, have played a significant if not the decisive role in this process. Therefore, the reform in Slovenia has focused on areas which are regarded by the European Commission as the key benchmarks of progress and the level of development. Throughout this time, Slovenia's ambition has been to remodel its image of a transition country into that of a developed European country (possibly above the average level). Membership in the European Union has therefore been of vital importance to Slovenia. Nevertheless, Slovenia is still an independent country which must first and foremost demonstrate the legality, legitimacy, and effectiveness of its public administration to its own citizens and tax-payers.

The question of the reform's pace is linked to the question of the efficiency of the system's transformation, which is, however, in Slovenia and elsewhere alike, impossible to measure precisely due to the lack of predetermined goals and evaluation indicators, as well as the insufficient general consensus in favor of reform. Opinions about the efficiency of the Slovenian public administration reform differ widely in both academic and practical circles. In general, we can say that the institutional and normative framework is fairly appropriate while there is a lack of seeking solutions in consensus with the business sector and other groups of society. The first characteristic is partly underpinned by the considerable continuity of the system with the previous systems, i.e. the soft transitions that have strived to preserve what was good and to change the mentality of people slowly, both inside and outside the administration. The second characteristic can allegedly be reduced, if not entirely removed, by means of the so-called good governance in which the Government plays the role of the coordinator of social groups in the sense of participatory strategic planning and consistent implementation of the adopted public policies. To this end, it would be necessary to draw up an action plan (a mechanism of possible adjustment) that would specify operative activities, responsible bodies and deadlines, and potential exceptions and their justifiability.

As identified in so far conducted partial functional analyses, Slovene public administration should be strengthened from 2007 on basing on three major development problems:

1. Quality of regulations;
2. Relation to customers and economy;

3. Management of resources and its coordination and rationalisation (Strategija, 2005).

Priority tasks should therefore be connected to ensure optimal results. Some of the key objectives and further tasks to be implemented would be: implementing the strategic human resources planning, a greater possibility for remunerations according to work effectiveness, strengthening the cooperation with civil society and building of partnerships with unions, intensive introduction of electronic services in public administration, elaboration of methodology for the regulatory impact analysis (RIA), expanding and remunerating good practices; developing adequate standards of service quality, elaboration of standards for the measurement of efficiency and effectiveness of institutions and individuals, as well as promotion of competition and benchmarking. The Government of the Republic of Slovenia realizes that good governance represents one of the pillars of social development and prosperity; the other two being the economic growth and social cohesion. Public administration (should) play(s) a significant role within the framework of good governance, since it provides professional basis for political decision-making and directly enforces the adopted policies. Therefore, the quality of public policies and their actual social value depend to a large extent on the quality, effectiveness and success of its operating.

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*DRUŠTVENI KONTEKST REFORME JAVNE UPRAVE U
SLOVENIJI*

Sažetak

U Sloveniji se reforma javne uprave smatra procesom u tijeku u kojem se isprepleću političke, pravne, sociološke, ekonomske, informacijske i druge dimenzije uložениh napora te aktivnosti koje taj proces podrazumijeva. Glavni sociološko-politički aspekti obuhvaćaju smjernice društvenog i gospodarskog razvoja koje pred javnu upravu postavlja članstvo u EU-u. Među njima prednjače program otklanjanja administrativnih prepreka, primjena instrumenata upravljanja kvalitetom u javnoj upravi, privatizacija pružanja usluga, javno-privatna partnerstva, racionalizacija upravnih struktura i smanjivanje broja zaposlenih te regionalizacija. No, prva je zadaća slovenske javne uprave zakonito poslovanje, a tek potom slijedi poštivanje načela usmjerenosti prema korisnicima, ekonomičnosti, uspješnosti i učinkovitosti.

Ključne riječi: reforma, javna uprava, Slovenija, globalizacija, strategija, EU, struktura, kvaliteta, učinkovitost



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