

SLOVENIAN LOCAL ADMINISTRATION REFORM 1993-2010

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INTRODUCING SLOVENIAN REFORM OF PUBLIC SECTOR

Citizens around the world are awakened as never before to their right to an effective government, to a government that can perform honestly and efficiently. This awakening is the greatest source of pressure for better public policies, administrative reform, and a "New Public Management." Administrative reform is now an unquestioned priority of the international community, of OECD, of the World Bank, of the European Union, and of many regional bodies. This is also the case in Slovenia.

Since the Independence of Slovenia in 1991, there was a strong need for reform of public sector, connected to the new situation where some institutional structures and practices had to be replaced with more democratic and flexible ones. Former communist – Yugoslav institutional framework was destroyed and inappropriate for unified small state trying to adopt democratic tradition of Western Europe and to enter the European Union as final instance of its formal democratization. If first years after the Independence were mostly burdened with revitalizing Slovenian economic system and defining major shape of political and administrative institutions, only after the 1995 and due to accession to European Union Slovenia started to think about more effective and customer oriented public administration.

Slovenian reform of public administration was mostly theoretically supported by the New Public Management approach defined by Lane (1995, 2000) and Osborne and Gaebler (1993) as most influential writers on reforming public sector in the way opposite to bureaucratic organization. Slovenian researchers and academics prepared different studies on how to implement ideas on more flexible, effective, economic and user oriented administration in Slovenia. Under the pressure of public dissatisfaction with public administration performance and after quite loud academic debate on reforms and under the pressure of European Union Slovenia started with more serious public sector reform in 1997. The reforms of Slovene public sector can be divided in four basic periods of development.

In this overview of Slovenian public sector reform we will try to define basic characteristics of Slovenian public administration reforms in its historical aspect, stressing basic shifts towards more effective, better organized, more user-friendly and less clientelistic and bureaucratic practices of work. With other words we will try to define best practices and warn from some missteps on the way towards better public administration in Slovenia.

TRANSITIONAL REFORM PROCESS FROM 1991 TO 1999

In years 1991 and 1999 only few institutional structures and practices were replaced. After the disintegration from Yugoslavia, Slovenian public administration continued with basic governmental

duties that were necessary for the functioning of the state. In this way also some new necessary structures of public administration were made (for example: customs offices at borders with Croatia).

In first years after the independence the strategies for the reform were placed. This preparational period for the reform of public administration was quite long and also demanding. The result of preparational period was the scheme of organizational structure of new Slovenian public administration and timeline needed for the reforms to be implemented. Due to the accession to European Union in 1997 and demands of administrative environment for greater efficiency of public administration and better quality of public services, the reform of public administration became urgent and it has been carrying out since then. The role of public administration was very important in the process of the Slovenian accession to the EU because Slovenia needed to develop and adapt the administration systems to the point that they were able to work in the framework of European administration integration (so called common European administrative space).

So, during the years 1996 - 1999 the reform was based on the implementation of two main goals written in previous mentioned strategy: to increase the effectiveness of public administration and to adjust its structure and functions to the needs of uniting with European community.

The core institution for the implantation of the reforms was Office for organization and development of government, which combined four different sectors: sector for organization and activities of public administration, sector for normative activities, sector for inspectors and governmental academy. The Office represents strategic and performing part of the whole public reform process later on.

During 1996 - 1999 period the process of decentralization of decision making and organizational structures started, strive for professionalization was obvious, the inclusion of improvement of vertical and horizontal coordination of work happened and much clearer division of work between parliament and government was seen. In those years also the status of para-state institutions was clarified. Next to this, positive was also change in legislative part of the reforms. There were first changes in administrative legislation such as Law on Government, Law on public sector, Law on public agencies, Law on civil servants and legislation on local self-governance. According to the previous legislation in this area, much more clear relations between institutions were defined as well as their competences and work control possibilities.

However, the European Commission stated in its 1998 annual report on Slovenian pre-accession reforms: »Slovenia has made progress in the construction of some governmental institutions, but it still hadn't made enough progress in legislative area and jurisdiction. Slovenia was more concerned of economic reforms and less in short time priorities for membership«. So at the end of 1998 Slovenia was still not enough prepared for the membership in EU from the public administration point of view.

In this period, reforms of the local government started after the initial set-up of political system. First national law on municipalities was accepted in 1993, modernizing the role of municipalities from 63 communal entities to 144 modern municipalities. However, the role of municipalities was not reformed or it was even marginalized, by the fact that many functions of local development

were centralized under national legal frame. At the same time idea about creating second layer of local administrations become more and more important. However, debate on regions stopped at the very first step; defining most proper number of regions. In 1997¹ number of municipalities increased to 192. In this time main financial source of municipalities was personal income tax (PIT) that was transferred from the national government as 40% of PIT revenue collected in the area of individual municipality. Despite supported by some other direct and indirect revenues of municipalities, great majority of them was not able to cover expenses of calculated sum of so called “appropriate consumption” so in such cases national government allocated additional funds form national budget in order to cover the difference between municipal revenues and administratively calculated needs. In this period municipalities were more or less non responsive to the citizens’ needs and working mainly on day-to-day basis. Many of civil servants in Slovenian municipalities were employed without proper education and there are some speculations that personal ties were often more important than knowledge, especially in smaller municipalities, where ties within local community are stronger.

PREPARING FOR THE EU - REFORMS DURING 2000 AND 2003

The reforms during this period were not written down in a special strategy like those that were happening in the years 1996-1997, but the effects of the reform were obvious in various legal documents and laws that were accepted and implemented during this period. Some most important laws that were accepted or significantly changed are: Law on civil servants, Law on system of payments in public sector, Law on public agencies and public structural funds, Law on Local government and changes of General Administrative procedure act. Basic characteristic of change in this part was more accountability of public sector and higher level of transparency that was requested especially in public spending concerning payments of civil servants and public procurements.

In the year 2001 also enactment of public operation with clients was accepted. Enactment foresees the public informer, the complaints book, unified schedule of public administration units across the country and across different branches (Administrative units, Units of social security services, tax offices, etc.), informing the clients on procedures, rights, their work, etc. According to this, there are special civil servants (so called informators) in Administrative units, who are providing all necessary information to citizens concerning their procedure (like what one needs to get ID card, passport, driving license, etc.). Informators helped especially Administrative units to reduce unnecessary long waiting time at counters, only to get basic information on how to begin procedure for some specific document. Positive effect was double, civil servants at counters could become more concentrated on procedures and citizens got information on how to act in specific procedure, which forms to fulfill in much shorter time (we have to understand that citizens are mostly not familiar with work of public administration and procedures before administrative organs).

Books of complaints must be not only exposed at visible location in institution but also regularly checked and signed by director of administrative unit or manager in other institution. Citizens have

¹ Due to the local elections period, new municipalities are usually connected to the year of local election. Due this in literature establishing of the municipalities is connected to the 1994, 1998, 2002, 2006 and 2010.

also right to get the information on how the complaint about the institution or his/her subject was resolved. Right to complain or to get the information were not completely new (book of complaints was present for longer time), new was obligation of high civil servants to solve the problem and to inform citizens on what was done about complaint or about some indicative. This forced civil servants to take book of complaints much more serious as before what resulted in improving quality of providing social services to the citizens.

Also a special program for diminishing administrative obstacles and law about gaining information was introduced, empowering the citizens to access all the information that are collected about them by different governmental institutions, with only limited exceptions of those information that can be proved as matter of state security. This pack of anti-bureaucratic reforms introduced new understanding of public administration in Slovenia as more client-oriented and client friendly as opposition as previous model of state-oriented services. Change of legislation on civil servants payments also introduced more effect rewarding payment system and de-secured their jobs and positions. Special concern was paid to the Small-medium enterprises – public administration relations in the way to simplify possibilities to register company (within 3 days instead of month or more at it was previous case), and to automates most of the processes possible (e.g.: entrance in multiple databases (register of companies, tax office database, etc.) is done automatically by competent institution for registering new companies and it is not obligation of new-established company).

At the same time Slovenian government also introduced norms of quality in this time. The administration uses European standards of evaluation, called CAF (Common Assessment Framework) ISO standards and internal control of work quality. Combination of higher public control over public administration work, introduction of objective quality control mechanisms and destabilization of security of job in public administration created environment suitable for change of public administration.

By 2003 Slovene legislation was already in accordance to the European Union legal system (acquire communautaire). Slovenian government has also accepted Strategy for further development of Slovene public sector. Strategy is based on New Public Management, Good governance approaches and European legislature. New systematization of civil servants passed. It divided civil servants by names and status. Former officials of different rank were sorted in five different career classes; administrative civil servant (ranked I – IV), higher administrative civil servant (I-III) adviser (I – III), senior adviser (I –III), secretary-general (I-III). Connected with the title are proper education, responsibilities and wages. Wage system becomes much more defined, despite still not achievement oriented (major rule of raising wage is still seniority with almost automatic promotions every three years). Rewarding good practices in public administration is still not the case in Slovenia. Sum of money reserved for rewarding good civil servants is still divided between all the employees in the organization in order to prevent tensions between workers. In this sense, the civil servants reform is a crucial part of administrative reform that failed. The reform has experienced many corrections and interventions with the main effect of higher inefficiency and lack of clearness that enabled old administrative structures to more or less keep their positions or at least wages. Civil servants system reform was from the beginning closely connected with integration to the EU, being one of the main goals of the Slovenian Government strategy, successful enough to enter EU and ineffective enough

that Slovenia still did not make complete shift from classical bureaucratic public administration to more flexible one.

Next to the more or less blurred civil servants system reform there was also another much more important and successful reform that enabled Slovenian government to plan development more in advance. For the financial years 2002 and 2003 Slovenian government for the first time prepared two-year budget that enabled government to plan financial expenses and development in advance what was important for stabilization of state-supported and financed projects. Rebalance of budget caused by two-year-budget approach caused some political instability in 2002 because of misunderstanding of public finances. However, on long run, since 2002 Slovenian public finances become much more transparent and stable.

In providing more user-friendly services great progress was made via introducing information technology into administrative processes and procedures. We already discussed role of information technology in Slovenian government in previous issues of *The Public Manager*, but we will again pay some attention to this topic. Quick development of Slovenian e-government from isolated attempts to organized reform flow towards e-governance introduced not only more diversified options to access public services such as e-taxes or e-government portals but also more user-oriented administrative culture.

We can see that the reform of Slovenian public administration has moved from structural and organizational changes also to human resource management, the potential of civil servants and orientation towards their professional development. Main goals of the reforms in public sector were then its modernization, effectiveness and the beginning of communication with users through modern IT technology.

On the local level municipalities slowly started to search for additional funds due to the local finances reform, dropping the level of PIT from 40% to 35%. At the same time state additionally limited possibility for hiring credits for municipalities (due to the fact that in previous period municipalities quite often took credits and state was responsible to pay them off in case that municipality was not able to pay by itself (what was often the case). Shrinking municipal budget and limiting possibility for independent search for loan was another element of higher centralization in Slovenia. Greater amount of money was consequently transferred to municipalities from state budget in order to cover "appropriate consumption" level of estimated expenditures. Despite many requests, in 2001 surprisingly, only one municipality was established, raising the total to 193. Prior every national (parliamentary) or local election, debate on regions become more and more vivid. Also experts provided already significant number surveys in order to define most suitable number of municipalities. Main problem of achieving necessary 2/3 majority in parliament was now mainly of political nature on national level, where political parties were calculating areas in order to provide better chances to win regional representative organs. Municipalities slowly started to get involved into so called European projects in order to get some extra financial recourse for development that enabled them, according to the local finances law, to indebt additionally.

REFORMS AFTER 2004: RE-POLITIZATION OF PUBLIC ADMINISTRATION REFORMS

Reforms of Slovenian public administration after 2004 need some additional explanation to readers. Slovenia joined the European Union, and only month later elections to the European Parliament were held. Twelve-year-period of medium left coalition was challenged but nobody put too much attention to electoral result. In the autumn 2004 there were also national parliamentary elections, where previously mentioned coalition absolutely lost its position. New, moderate right coalition stepped into a government and started great reforming processes in different areas including economy, public media and public administration (especially state administration). Some of more indisputable reforms were already planned in previous terms (2002 and later) while others were absolutely politically motivated consequence of changing relations in political arena.

Main reforms in this period connected to the Slovenian public administration can be divided into client/citizen oriented and into administration oriented.

Among client oriented positive reforms in this period we can find slow erosion of territorial competence, meaning that citizens can go to the any administrative unit in the territory of Slovenia and ask for some services such as registration of car or getting the ID or passport. Prior it was only possibly to ask for these and other documents at administrative unit covering the area of individual permanent address.

Here we can argue that in this sense government stimulated e-communication with citizens, introducing more and more services available on-line (main example is e-income tax form).

In the field of e-public services latest achievement in Slovenia is e-car registration. Procedure that previously took more than half day running from office to office at the area where car was registered for the first time now take significantly less time. Citizen now only have to pass test of car reliability (breaks check, CO2 pollution, lights, noise of engine) and all the other paper work can be done from their couch and signed with digital signature. Via internet application they can access public unite, insert data confirming that car passed the test, register car, and also insure it at the same moment (previous it was necessary to go to the insurance company and wait in row again), pay via e-banking system and so they complete whole transaction for the one year, without spending holiday leave for absence from work (because administrative units have official hours when citizens are at their jobs).

Second part of reforms was connected to the system of civil servants and reforms in this part took place only after few months of new government in role. If secretary general in pre-2004 government responsible for public administration was trying to provide as politically independent public administration in Slovenia as possible, after his appointment to the position of minister for public administration he started to destroy his own system of civil servants positions; officially in the name of more flexible public administration. Main measures in field of civil servants system were connected with payments, responsibility and stability of employment in public administration. There were attempts to better connect payments in public administration with effectiveness of civil servants, and limit automatic rewarding of civil servants, what is positive. Main part of his civil servants system reform was enacted within document giving to the minister of public administration the power to

dismiss high civil servants without any reason and appoint new individuals within first few months after being appointed to the minister position. Slovenian tradition of relatively apolitical and stable job in public administration was strongly endangered with this document. This case went to the constitutional court that ruled out that such act is completely against of existing legal system in Slovenia and it could cause stronger political influence on professionalism of Slovenian public administration.

After this beginning period after 2004 elections only some smaller systemic changes were enacted (one of them was also act requesting to treat e-communication with citizens equally to the other forms of communication) with unsuccessful to reduce number of employees in Slovenian public sector, especially in the state administration, were we are witnessing growing number of civil servants connected to the preparations for 2008 Slovenian presidency in the European Union and we can expect new wave of civil servants with introduction of second (regional) layer of governance.

On the local level 2004 was important milestone as well. New government imposed different changes. One of most evident as well as disputable was the change of local finances law that changed system of PIT in the way from transferring predictable 35% of PIT to undefined sum of money, calculated on the basis of "appropriate consumption formula" by the ministry of finance taking into account previous year budgetary situation as the basis for next year amounts. This rather intransparent system of providing main budgetary revenue to municipalities caused demand for constitutional review of the law and ruling of constitutional court supported opinion of group of municipalities that such system is not transparent and should be changed back. At the same time, in 2005 17 new municipalities were established rising total to 210. In 2007 new series of regional debate started, due to strong motivation connected to the Slovenian EU presidency. As a part of major coalition political party member, minister for public administration promised in 2004 to shrink the number of civil servants in state administration (which is considered as narrow state public administration, excluding local administration and public sector in broader sense). This, electoral, promise caused serious debate how to achieve some effect that will work as one of positive arguments at parliamentary election in 2008 that took place only few months after the Slovenian EU presidency. We have to be aware that average Slovenian citizen does not differ between public administration and state administration. Second, it is logical that for the needs of EU presidency, Slovenian government employed additional work force that get significant knowledge and potential during first six months in 2008. Regions become great solution form governmental perspective, not to dismiss hired civil servants and to lower the number of employees in state administration. Budgetary burden would stay unchanged in such case, but for the purpose of electoral campaign such manure shall work. However, due to previously mentioned dispute about number of regions and about their boundaries, necessary 2/3 majority was not achieved and above-mentioned plan failed. However, according to the previous mentioned constitutional court ruling and expectation that there is enough possibility for regions to be established, revised law on local finances guaranteed municipalities 54% of PIT revenues. It seems that idea was that part of PIT shall be redistributed to the regions after their establishment. In this period, share of European funds increased significantly and is in steady further growth. However, role of municipalities did not change much in complete period and it is still mainly limited to certain tasks such as water and local infrastructure development and maintenance, pre-school and primary school education, basic health care system and similar. But

even in most of these cases, municipalities are not completely free, while they have to follow national strategies, plans and legal obligations. This, in combination with strong financial dependence on national decision-making processes we can argue that municipalities today have no significantly greater extend of competences and responsibilities as in 1993. From this perspective one can argue that Slovenian system of governance is strongly centralized.

CONCLUDING REMARKS

As it is obvious from the short historical overview of Slovenian public administration reforms, we can argue that more than reforms it is all about reforming process that is sometimes too strongly connected to the daily politics. This was especially obvious after the 2004 Slovenian election. Appointment of high civil servant who set up most important public administration reforms until 2004 to the position of minister for public administration was one of crucial shifts from attempts to make public administration as apolitical as possible back to previous tradition of political influence on civil servants.

Despite different attempts to supplement bureaucratic model of Slovenian public administration, there is still not enough flexibility that is appropriate to modern environment demanding quick response and client friendliness. In this sense we can agree with Klimovský (2008: 46), arguing that initial will for reform often finish with disappointment that is strongly connected to the bureaucratic nature of civil servants, refusing any opportunity to change existing system.

For successful introduction of management concepts of work into the public administration, which is a basic principle of Slovene reform, the ideas have to be accepted by employees.

Reform of local government shall be directed mainly in increasing competences and responsibility of municipalities. Historical overview shows that up-to-date changes were mostly focused to the increasing number of municipalities, with no changes in performance and ability to develop local area according to the local needs.

Next important changes in the Slovenian public administration shall be connected to the introduction of regional level of administration (between national and local one), which will demand new layer of civil servants and will most likely cause new growth of employees in public administration and consequently new budgetary expenses that will cause new need for another cycle of public administration reforms.

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