



David Butcher  
Principal Consultant of DBA

## Strong Demand for our Services

### World Wide Network

David Butcher and Associates (DBA) is a world-wide network of experienced, reliable, senior consultants geared to provide high quality, reliable solutions to intractable problems.

2003 saw strong demand for our consulting services. DBA had committed to work long-term on a £ 6.5 million SOE reform project in South Africa funded by the UK Department for International Development (DFID). As a result, many other challenging projects were referred to others in our group.

### ASI Link

The two main contenders for the South African Project (funded by the United

Kingdom) had both sought the services of David Butcher as Project Coordinator.

"We decided to work with the Adam Smith Institute (ASI) of London. This proved to be a good choice," said David Butcher. "ASI works much as DBA, although on a larger scale."

"Although once dismissed as a right-wing think tank, ASI's ideas are now used by governments, of the left and right. It has a core of energetic people who tap into the experience of some of the leading experts in their respective fields. It was a great pleasure to work with highly regarded experts, including Bill Wigglesworth, formerly GM of OFTEL, Herman Rockefeller, formerly CFO of Brierley Investments and many others."

### Articles:

- *Strong Demand*
- *Much Better than anyone expected*
- *Other Projects*
- *Development and Employment*

## "Much Better than Anyone Expected"

### Motivated and Competent

"The situation in South Africa is much better than anyone expected in 1994" was the comment to me from a young white accountant in Johannesburg, said David Butcher.

"I found the South African Civil Service to be full of intelligent, well educated and highly motivated people of all races. The government is respected and basically competent and has taken many sensible initiatives."

"My main criticism is that it is trying to do too much. It is spreading itself too thinly. It is overworking good people and overlooking some basics. Given the levels of need this is understandable."

### Anxious to do the Right Thing

"The Government of South Africa is anxious to do the right thing but even unions have said "we have been given too much." The government has

conceded many things unions did not expect. This is now making it difficult for the government to get agreement on important changes, as they have nothing left to offer reluctant reformers.

"Changes made to improve the lot of the low paid have helped those in jobs at the expense of those without. There has been a drop in the formal labour force and growth in the informal. A focus on capital and energy intensive projects, rather than labour intensive development is making the employment situation worse for the millions who are unskilled."

"Our project was directed to the efficiency of the State Enterprises. As always, many of these are cash drains. One entity had run up R 30 billion of losses and unauthorised commitments in 18 months. Following our report, the GSA's top trouble shooter, Maria Ramos, the white former National Treasury Secretary, has been brought in to fix it."



Nonkululeko Msoni (Deputy Director General), Jabulani Mzaliya and James Theledi focus intently during a Department of Public Enterprises Management Conference at Bakgatla National Park Resort, South Africa



Max Ramagaga-National Treasury (NT), Brooke Whittaker (ASI), Herman Rockefeller (ASI), Meja Maloba (NT) and David Butcher (ASI) after the Technical Team brief the NT on Transnet's Finances

**"with DBA in charge, you have a safe pair of hands on the job."**



Damage to a \$ 7 million generator in East Timor from poor maintenance



A briefing from the top in South Africa. Dr Eugene Mokeyane, Hon Jeff Radebe and Dr Sivi Gounden brief staff on the change of Director General at the Department of Public Enterprises



Kimberly Smiddy, Prof Mafuzul Chowdhury, Merlin Udoo and David Butcher in discussion with one of the most active MPs of the Bangladesh Parliament



Officers of the Department of Public Enterprises, Victor, Bob (consultant), Celeste, Thomas and Louis, relax during a June 2003 strategy session

If you want additional information about David Butcher and Associates, please visit [www.dba.org.nz](http://www.dba.org.nz), or write to [HonDavidButcher@compuserve.com](mailto:HonDavidButcher@compuserve.com)

## Other Projects

### Nairobi: Electricity Seminar

David Butcher was invited to be a resource person at a Commonwealth conference on electricity sector reform, held at the Monetary School in Nairobi during April 2003.

The Conference attracted delegates from all over English speaking Africa, except Zimbabwe. They were exposed to some leading edge thinking on electricity reform in Africa. Experts included Mike Webb from Frontier Economics, PWC, the PPIAF, World Bank and many others. David Butcher spoke on the role of government, appropriate roles for Competition and Regulation Authorities, respectively, and the New Zealand Electricity Market.

### East Timor: Power Sector

In September 2002, DBA was invited to lead a team from Hydro-Tasmania preparing a management contract for the East Timor Power Sector. "In the telecoms sector a private company had been contracted to provide phones and service was excellent. In the power sector a bureaucratic solution had been sought. It was an absolute shambles

## Development and Employment

New Zealand has good examples of how not to encourage development. In the late 1950s the government accepted a proposal to let a private company build an aluminium smelter and a new power station. It aimed to diversify the then largely agricultural economy.

Year by year the government's financial obligations expanded. Few jobs were created and the power price has never been revealed. Estimates suggest it must be about one quarter of the normal commercial rate.

In 1977 the government, frustrated by its inability to negotiate a better rate with the company, threatened to change the price by legislation. Now New

with machines not maintained, bills not collected and advisers and civil servants in a turf war. We saw one machine worth US\$ 7 million, destroyed through being wrongly re-assembled."

Fortunately, one donor came to the rescue and, at the last minute, prevented a melt-down of installed plant. Our work helped bring the parties together and debunked some poor proposals from parties, who appeared unconcerned if East Timor got a bad deal.

### Bangladesh: Parliament

In late 2002 the UNDP invited David Butcher to lead a team reviewing its project in the Bangladesh Parliament. "We had a very able team that included two people currently engaged on Parliamentary strengthening projects (Kimberly Smiddy and Dr Peter Evans), Bangladesh expert, (Professor Mahfuzul Chowdhury) and DFID's top professional evaluator, Paul Balogun."

"We came to the conclusion that although Bangladesh has done well to restore and strengthen its Parliament it could contribute much more to the nation's development. The project had had some successes, but needed to be reshaped, with more focus on MPs themselves."

Zealand is facing a shortage of primary energy. The aluminium smelter takes 15 percent of all electric power supplied. Although the price of power has increased, closure of the smelter would be a cheap option to meet the shortage.

South Africa will soon face a shortage of power. The cheapest way to meet the shortfall would be to close the existing smelter. Instead the government is being asked to provide huge subsidies to another. This will create very few jobs, maybe one or two per \$1 million invested. SA needs many development options with a capital cost per job of \$ 10,000 or less. Only then will unemployment, currently running at 30 plus percent, be reduced.