

Machinery of Government Reforms in New Zealand

continuous improvement or hyper-innovation?

Abstract

This article assesses the reasons for frequent national-level administrative reforms in New Zealand and reflects on their potential consequences. It explores three potential reasons: the particularities of Wellington as a highly conducive place for ideas to be shared between decision makers and academics; the characteristics of New Zealand institutions; and the effects of innovations themselves as drivers of disappointment and more innovation. The article reflects on reforms as drivers of continuous and incremental improvements as opposed to a hyper-innovative, politically driven administrative system. It concludes by stressing the importance of incorporating experiences ‘from the bottom’ in reform processes, and reliance on reflective mechanisms capable of creating opportunities for incremental, piecemeal and often ‘inelegant’ administrative adjustments.

Keywords administrative reforms, New Zealand, hyper-innovation, State Sector Act, incrementalism

Flavia Donadelli is a Lecturer in Public Management and Public Policy in the School of Government at Victoria University of Wellington. Martin Lodge is Professor of Political Science and Public Policy at the London School of Economics, and director of the Centre for Analysis of Risk and Regulation (CARR).

New Zealand is internationally known as a place where machinery of government reforms have always gone faster and further (Pollitt and Bouckaert, 2011). Its vibrant and radical government restructuring culture has been recognised by internal and external observers. Far from one-off phenomena, machinery of government changes appear as a continuous theme across parties in government (Boston et al., 1996; Lodge and Gill, 2014). International attention towards New Zealand arguably peaked following the late 1980s and early 1990s reforms that represented the high tide of transaction cost economics that influenced New Public Management (NPM) reforms. Since then, machinery of government changes have continued apace, leading, in turn, to considerable academic interest in ‘post-NPM’ changes in the early 2000s and subsequently.

The ongoing tinkering with the machinery of government presents a number of questions. For one, why is New Zealand such an ongoing poster child for the latest paradigm in administrative

reforms? Second, why is New Zealand witnessing a frequent churn in machinery of government changes? According to Yui and Gregory (2018), New Zealand witnessed approximately 259 departmental restructurings between the 1960s and 1997. In contrast, Davis and colleagues noted that there were 247 restructurings in Australia (involving 127 creations and 120 abolitions), 96 in Canada (46 creations and 50 abolitions) and 100 in the United Kingdom (55 creations and 45 abolitions) (Davis et al., 1999). This article assesses the reasons for this New Zealand trend of frequent administrative reforms and reflects on the potential consequences of a 'hyper-innovative' governmental environment. Particular interest is paid to the 2019 reforms directed at so-called Crown

Wellington as a highly conducive place for ideas to be shared between decision makers and academics. The second points to the characteristics of New Zealand institutions. It is associated with the 'incomplete' proportional representation system and the hidden majoritarian wiring of the now consensual system. Third, the effect of innovations themselves as drivers of disappointment and more innovation is explored. Finally, the article reflects on reforms as drivers of 'continuous improvement' as opposed to a hyper-innovative, politically driven administrative system. It concludes by making some recommendations for continuous improvement to materialise in the New Zealand case.

implies the verticalisation and centralisation of accountability, while operational activities are to be integrated horizontally within departments or units. This marks a move away from NPM, with its emphasis on 'disaggregation'.

This particular theme of 're-integration' is clearly evident in the proposed New Zealand reforms. The published information emphasises the need to 'break down the silos of the current system and create an environment based on collective responsibility and co-ordinated action that delivers great outcomes to New Zealand' (State Services Commission, 2018a, p.1). Additionally, by requiring written consent for the appointment of executives to statutory Crown entities and standardising their job titles, appointment terms and pay bands, vertical lines of accountability are considerably strengthened. Finally, the new organisational forms of public service executive boards, public service joint ventures, executive agencies and statutory officers provide for functional horizontal integration. The idea of 'joined-up citizen-facing services' that would allow departments to 'work together horizontally, when faced with issues that cut across departmental boundaries' is also explicitly mentioned by the SSC reform proposal documents, further confirming the alignment with commonly accepted post-NPM conceptualisations (ibid.).

A second theme relates to political control over public sector organisations. NPM was said to have reduced opportunities for central political direction, thereby aggravating coordination problems (Althaus and Vakil, 2013) while, however, not exempting politicians from taking the 'blame flak' in case of policy failure. In terms of post-NPM, a central theme therefore has been the idea of politicians reclaiming direct control over autonomous departments, suggesting a movement towards a 're-politicization of public service delivery' (Reiter and Klenk, 2018, p.10).

The vertical lines of accountability to be established between Crown entities and the SSC are a strong indication of this 're-politicisation' trend in current New Zealand reforms. The standardisation of public service principles and values on matters of integrity and proper conduct, as

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entities. Crown entities have been one of the main targets of this frequent tinkering with the machinery of government. Since their creation as semi-autonomous government agencies in 1989, there have been revisions of their mandates and governance structure in order to reduce 'fragmentation' (State Services Commission, 2019). In February 2018 the State Services Commission (SSC) proposed a new package of changes in order to amend the Crown Entities Act. These recent reforms are even broader than the former and include revisions to the State Sector Act 1988 and the Public Finance Act 1989. These changes, approved by Cabinet and announced by the minister of state services on 26 June 2019, have been portrayed as a major reform of New Zealand public services.

Using the 2019 reforms as a case study, the article explores three potential reasons for New Zealand's high rate of administrative reforms. The first is linked to the power of networks, ideas 'bandwagons' and the particularities of

An idea whose time has come?

A close look at the proposed 2019 reforms shows a close connection to what has widely become known as post-New Public Management. The label suggests overall a move beyond the central pillars of NPM, namely an emphasis on greater codification (i.e. less discretion) and a greater reluctance to emulate 'business' practices in government. More specifically, four main characteristics of post-NPM can be distinguished: a reorganisation of accountability lines and operational activities; the extent of political control; the relationship between citizens and the public sector; and the nature of 'public service bargains'.

First, in terms of organisation, post-NPM seems to refer to the '(re-) centralization of the vertical dimensions and functional integration of the horizontal dimension' (Reiter and Klenk, 2018, p.8; Andersson and Liff, 2012, pp.837–8; Egeberg and Trondal, 2016, pp.85–6; Zafra-Gómez, Rodríguez-Bolívar and Alcaide Munoz, 2012, pp.714–15). Therefore, it

well as the expansion of SSC investigatory and inquiry capacities on these issues, point further to the recreation of direct political control over subordinated organisations. The reform documents have a strong flavour of reassertion of political control: the proposal is to ‘expand the definition of the Public Service to a range of Crown entities’ either by the ‘appointment or removal of board members or the ability of Ministers to direct government agencies to “have regard” to Government policy’ (State Services Commission, 2018b).

A further central part of standard post-NPM classification exercises refers to the relationship between the public sector and citizens. Here the main change relates to a shift away from the NPM view that regards citizens as ‘consumers’ or ‘clients’ towards a perspective that emphasises democratic citizenship, especially in terms of enhanced participation rights. Post-NPM also points to a shift away from an emphasis on outputs towards outcomes and inputs (Christensen and Læg Reid, 2011, p.141). Elements of these themes are also present in the current reform proposal documents. There is a strong emphasis on ethical behaviour and conduct monitoring by the SSC. In addition, it is proposed to strengthen the participation of Māori in leadership positions. While the first clearly refers to fair and standardised procedures of government monitoring (process-based legitimacy), the second emphasises the importance of a representative bureaucracy for the achievement of better outcomes, which points to the importance of inputs for the legitimacy of government.

The fourth and final characteristic of post-NPM relates to changes in the ‘public service bargain’, the ‘explicit or implicit agreements between public servants and those they serve’ (Hood and Lodge, 2006, p.6). Public service bargains involve how rewards are allocated, the types of competencies required from civil servants and the nature of their loyalty. A move away from NPM towards post-NPM would be signalled by a move away from individualised performance pay regimes, a move towards an emphasis on collaborative and ‘boundary-spanning competencies’, and a strengthening of ‘whole-of-government’ loyalty

Table 1: Summary of the extent to which 2019 proposed reforms reflect post-NPM trends

REFORM	Crown entity reforms	Four new organisational models	Improved Crown/Māori relationship	Senior leaders service (SLS)	Long-term insights briefings
Post-NPM					
Re-centralisation and functional intergration	✓	✓		✓	
Re-politicisation of the public service	✓				
From outputs to process-based accountability	✓	✓			✓
Valorisation of boundary-spanning and cultural competencies			✓	✓	

understandings. In an earlier study of New Zealand machinery of government changes, Lodge and Gill (2011, p.151) observed, for instance, that the emphasis on individualised performance pay rewards had been moving towards team-based incentives. While not explicitly mentioned, the end of performance pay was announced by the New Zealand minister of state services, Chris Hipkins (Hipkins, 2018). Similarly, the proposed organisational reforms are focused on the idea of ‘joined-up’ government and collaboration skills are to play a more prominent role, in particular with the introduction of the senior leaders service. Finally, the strong focus on developing a unified system for the enforcement of conduct and ethical principles points to a departure from the discretionary space of loyalty arrangements towards stronger consideration of rules and ethics.

Table 1 highlights how key reform proposals seem to relate closely to ideas associated with post-NPM. In doing so, the proposed reforms seem to reflect an ‘idea whose time has come’, not just in reflecting ideas enjoying international currency in academic and practitioner discourse but also in responding to NPM, namely its emphasis on a highly disaggregated public sector, individualised reward incentives, and narrowly defined organisational outputs.

The wider literature on innovation highlights the existence of an institutional environment in which organisations are

capable of sharing advanced knowledge – where knowledge ‘is free to flow’ (Bekkers, Edelenbos and Steijn, 2011, p.3). One explanation for the close connection between wider academic and practitioner discussion regarding post-NPM and their utilisation in New Zealand reform discussions is the existence of closely-knit networks that characterise Wellington, and the ties between government and academia. Across decades, numbers of academics have been directly involved in advising New Zealand governments, and, in turn, governments have been responsive to their ideas. The 2019 reform proposals are no different, as evidenced in the numerous academic submissions to the public consultation surrounding them. This close connection might offer a wider explanation as to why New Zealand machinery of government discussions are so often regarded as ‘poster children’ for the latest administrative reform doctrines.

At the same time, it should also be noted that ideas regarding post-NPM have been around since the mid-2000s, if not earlier. They emerged in almost immediate response to administrative reforms and New Zealand was regarded, prior to the Key and English administrations, as the leading example of post-NPM already (especially in the context of the Crown Entity Act 2004: see Lodge and Gill, 2011). In that sense, post-NPM has ‘returned from the grave’ and its time has certainly come in the context of party political change in New Zealand government.

Institutional environment

While party political change and immediate reaction to negative or disappointment effects point to explanations as to the nature of the current machinery of government reform proposals, such an account cannot explain why machinery of government reforms are such a constant feature in New Zealand politics. One traditional suspect that might account for the continued fascination with machinery of government debates are national institutions. According to this view, reforms are a consequence of the characteristics of a country's politico-administrative environment, including

system did usher in a multiparty parliament, changing the electoral system has increasingly been seen to be only one of the several elements required for effectively addressing the high speed of executive and parliamentary decision making in New Zealand (Boston and Eichbaum, 2014, p.376).

Continued features that encourage far-reaching and speedy decision making by the New Zealand political centre include New Zealand's unitary state nature and its unicameralism. Furthermore, New Zealand counts only six entrenched laws or clauses (that can only be changed by vote by an extra large majority of more than 75% of

expand and consolidate controls (Dunleavy, 1991; Norman and Gill, 2011; Yui and Gregory, 2018).

According to this view, therefore, the latest round of reform proposals is a consequence of the characteristics of New Zealand's politico-administrative environment, including its unicameral legislative structure, the centralised decision-making process, and continued traces of majoritarian politics.

Fiascos and disappointment

Progress in public management is neither linear nor based on cumulative knowledge. Rather, change in public management is usually reactive to disappointment and failures in existing arrangements. The cumulation of negative consequences and disappointment effects leads to growing opposition and endorsement of alternative reform ideas. In other words, despite all the glossy documents and promises of a bright new administrative future, the inevitable disappointment effects and blame games will unavoidably give way to the next round of administrative reform proposals. As shown by Moran, the era of hyper-innovation that characterised the UK between 1970 and 1990 (with intensive privatisation, economic and regulatory reforms) was also an era that increasingly invited policy fiasco. In his words, '[f]iasco is both a reflection of hyper-innovation and a force driving the state to even greater frenzies of hyper-innovation' (Moran, 2003, p.156). According to Moran, examples of British governance-generated policy fiascos included the BSE (mad cow disease) outbreak, rail privatisation, the 1995 Barings Bank collapse and the Millennium Dome. In New Zealand, hyper-innovation might lead to fiascos that will constantly motivate more reforms, with the leaky buildings saga and the Pike River disaster being cases in point.

So, can the point be made that New Zealand is caught up in its very own elite-generated frenzy of machinery of government-related hyper-innovation? Unsurprisingly, a disappointment-based account is, at first sight at least, not evident in the SSC documents concerning the current reforms. Instead, the theme is one of reform reinforcement. It is noted that since the NPM reforms of the late 1980s

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elements such as the legislative structure, the extent of political centralisation, consensus requirements of decision-making processes and administrative culture.

New Zealand has traditionally been placed among the most centralised and majoritarian countries in the world (Pollitt and Bouckaert, 2011, p.55). Both features are said to account for the extent and speed of political reforms, including administrative reforms, as 'losers' are unlikely to find political venues to veto or frustrate proposals. After the 1996 electoral reforms that replaced 'first past the post' with a mixed-member proportional (MMP) electoral system, one would assume that New Zealand's propensity to launch extensive reforms had been reduced. However, there continue to be, especially in comparative terms, considerable majoritarian features. Although the new

the House of Representatives or more than 50% at a referendum), and the constitutional system in New Zealand does not require any legislative changes for administrative reforms to take place (Boston et al., 1996). Third, following a recommendation of the McCarthy Commission in 1962, the State Services Commission was required to focus on efficient management (in addition to personnel issues) and to continually review the machinery of government (ibid.). Administrative reforms are, therefore, part of the SSC's mandate, which might provide an additional incentive for their constant activity in this realm. In addition, an entrenched 'managerialist culture' across the New Zealand public administration (at least since the 1980s) might be seen as further encouraging continued machinery of government tinkering as part of wider 'bureau shaping' behaviours that seek to

New Zealand has consistently moved from a state of perceived fragmentation towards more centralisation or combination of tasks and departmental roles (Yui and Gregory, 2018). Second, in one of their pre-consultation documents the SSC argues that amendments to the State Sector Act in 2013 did not fundamentally change the system, and justifies current reforms on the basis that the directions of change originally hoped for did not materialise:

the improvements made to the State Sector Act 1988 through the 2013 amendments did not fundamentally change the system. Since then, we have not achieved the direction of change that was hoped for, and the barriers to a unified public service system approach are more evident than ever. (State Services Commission, 2018a, p.2)

Nevertheless, it is plausible to at least suggest that the contemporary reform proposals are reactive to the perceived 'excesses' of the NPM past, such as in emphasising joining up over the side effects of disaggregation, the concern with the negative consequences of performance pay, and the re-emphasis on codified conduct rules.

Conclusion: continuous improvement or hyper-innovation?

As noted, New Zealand has attracted considerable attention for its continued machinery of government-related changes. One reason for this is that New Zealand is continuously associated with 'pure reform' leadership in the sense not just of leading the world in administrative reform activity, but also of applying 'pure' reform proposals. The 2019 reforms are a case in point in that they reflect post-NPM-related changes. Why, however, New Zealand continues to embrace machinery of government reforms has received far less attention. In this short piece we can only point to three (interdependent) factors: the close ties between practice and academia in reform discussions in a political system that remains highly centralised and, despite proportional representation, majoritarian. These features provide for the opportunity for continued machinery of government reforms. The motive for continued machinery of government changes lies in the side effects and consequences of previous administrative reforms. In that sense, New Zealand could be argued to be caught up in its own policy frenzy of hyper-innovation in which actors 'overcorrect' (at least in terms of doctrinal argumentation)

in view of perceived shortcomings and failures of existing arrangements.

However, there are ways out of such a seemingly inevitable cycle of hyper-innovation. For one, there is considerable reflective capacity in the New Zealand system, one that is supported by the close interactions between practice and academia. Spaces for an open exchange over accumulated experiences do exist and could be further integrated into reform discussions. What is required, however, is a move beyond an emphasis on reform 'purity' that is quickly implemented. Maybe it is time to also rely on incremental changes, those that emerge from experience 'from the bottom' rather than from the whiteboards of central government agencies. This is not to say that such feedback mechanisms do not already exist, but they should be seen to encourage piecemeal, often 'inelegant' adjustments to existing arrangements. Such an incremental path will support the building of reflective capacity across the public sector and is more likely to embed ongoing reform than a constant search for new 'paradigms'.

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