

Addressing Capability Challenges and Restoring Trust in New Zealand's Public Management

Abstract

New Zealand's public sector confronts mounting capability challenges, while public trust in government institutions is declining. In this introduction to the special issue, we propose that, to restore trust deficits in Aotearoa's public management system, we should focus on structures of capability, accountability and legitimacy, as informed by the articles in this collection. We argue that New Zealand's traditional public management model, although effective for many service deliveries, demands different approaches to adequately diagnose and tackle wicked problems that call for cross-agency collaboration and community engagement.

Keywords public trust, collaborative governance, accountability

Why capability matters

Capability forms the operational engine of the public management system and encompasses the technical, organisational and political capacities for effective governance. In the literature, a capacity

framework distinguishes between analytical capability (use of evidence), operational capability (implementation) and political capability (stakeholder interests) (Howlett, Ramesh and Wu, 2020). Each dimension of capacity needs targeted

interventions beyond simple resource-based approaches, from mandating transparency to developing fiscal volatility management such as crisis contingency funds. The workforce development component also proves crucial (Andrews, Benyon and McDermott, 2016), as human resource development and investing in people can bridge the persistent craft gap between technical expertise and political acumen in the public service; these state competency investments must be understood as system-level enablers rather than isolated or fragmented organisational change. Capability is also dependent on the analytical depth and breadth of knowledge about the citizen activities as well as citizens themselves (Lee and Zhang, 2017).

As to trust-building, accountability, legitimacy and capability may interact as interdependent rather than sequential governance elements (Rimkutė and Mazepus, 2025). Effective accountability processes, which should balance procedural rigour with adaptive learning, may directly contribute to legitimacy, while opaque systems erode so-called 'felt' accountability (Fan, 2024; Yang and Min, 2022); conversely, policies perceived as legitimate enjoy higher compliance rates, effectively

reducing enforcement costs and increasing implementation capability. This virtuous cycle in both directions contrasts sharply with governance failures that typically exhibit breakdowns across multiple dimensions of capability, accountability and legitimacy simultaneously (Miller and Ghaffarzadegan, 2025; Rajala and Jalonen, 2025).

**Disrupting the status quo:
addressing capability challenges**

In this special issue of *Policy Quarterly*, 'Addressing capability challenges in public management', we focus on addressing the trust deficit in public management that New Zealand faces. Challenges include

improvements in the public sector which we have tried to include in the summary below. Below is a brief description of each of the articles in the order they are published.

The first article, by John Yeabsley, argues that the relationship between transient political ministers and permanent public service advisors is the fundamental capability for public management in a Westminster system, which has traditionally maintained a fundamental divide between the two. Trust lowers transaction costs, and it needs to be earned. The article uses both the New Zealand Institute of Economic Research's criteria over 11 years (2008–19) and more recent Department of the Prime

that have been developed have helped. More system agency stewardship might help. The Covid-19 experience brought out the best in many agencies, as did the change of government in 2023, which led to challenges in managing volatility in policy settings and budgets. Both possibly point to the power of higher-level goals. Looking forward, the article shows the importance of quality in building trust, including by demonstrating how ministers' preferences have been considered in the analysis. Finally, it points to the tension between free and frank and professional advice and ministers' preferences. But sound, well-prepared advice can attenuate this tension and in turn allow for riskier, bolder advice, when there is mutual trust.

The second article, by John Ryan, until recently the controller and auditor-general, concerns effective accountability in collaborative working arrangements. It notes the tremendous difficulties organisations face in collaborating with each other effectively, including weak clarity over lines of accountability, different understandings of what collaboration would mean, blame shifting, difficulties in rewarding performance or applying sanctions, a bureaucratic and risk averse culture that reinforces work in silos, already high workloads, limited funding, and limited trust. It also notes that New Zealand public service systems, including management, finance and accountability, are generally focused on separate organisations. This works well for relatively routine services such as managing benefits. But for complex, often intergenerational issues, agencies need to work together – a point which has been recognised for some time as a challenging but necessary type of delivery method. This is a challenge for public sector leadership. It requires both new technical settings and new skills.

Since 2020, new ways of budgeting, resourcing and reporting have been introduced to better support collaborative working between agencies. A lesson learned since then is that getting the technical stuff right is not sufficient. The softer stuff, including relationships, trust, and addressing concerns such as fear of loss of power and credibility control, also matter (Aleksovska, Schillemans and Grimmeliikhuijsen, 2019). Organisations

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rising demand, limited resources, and growing complexity in a more volatile and uncertain world. Polarisation in broader society is also an issue. In New Zealand that is manifested in areas such as the contested role of the Treaty of Waitangi, and a reset after a pandemic-induced spending boom. Similar challenges are occurring globally.

The six articles we include in this special issue are based on the call for papers. Of the themes included in the call, many centre on the trust and legitimacy theme, but with the other themes of change management and managing through volatile budget cycles, public sector leadership and development, and delivery methods also addressed. The articles analyse contemporary issues and many provide practical, actionable ideas. We hope they contribute to constructive debate and dialogue, and lead to

Minister and Cabinet standards (2020–24) to argue that, overall, the quality is adequate rather than respectable, and generally stays clear of the 'low' zone, but there is room for improvement. More granular results point to both gains and losses. Sometimes organisations have an uptick in the quality of policy advice, perhaps because of new leadership, but a pattern emerges of reverting back to previous standards. Improvement is hard to sustain.

Yeabsley's article notes that, ironically, an excessive concern with process and risk management has impeded past efforts at improvement – some of the very areas where quality could be improved. While formal education courses are available, policy advising is a craft that needs learning on the job. Better mentoring, research and data are possibly fruitful areas for improvement. The various methods, frameworks and toolboxes

need to demonstrate trust, reciprocity, transparency, knowledge sharing, competency, good intentions and follow-through (Schillemans and Smulders, 2015). These are easier said than done. Such values are not always adhered to. While accountability is important, it can also go wrong (Yang, 2012). There can be too much focus on managing compliance, avoiding risks and achieving short-term gains. Transparency and objective measures, intuitively appealing, can lead to complexity and lack of timeliness, and undermine public trust and understanding.

The third article, by Derek Gill, Norman Gemmell and Arthur Grimes, concerns the size of the state in New Zealand. This article addresses the challenges of change management, and managing through volatile budget cycles. The article uses a broad range of lenses, including expenses, production investing and stewardship. The authors found that, relative to GDP, the size of the state has been generally stable since the 1990s. The winding back of public pension provision, and less production stemming from the privatisation programme in the 1990s, are exceptions to this. Regarding employment, it shows a sharp drop during the 1990s, then a gradual increase, some decline during the Key administration years, and then a sharp upturn during the Ardern–Hipkins administration, with public servant employment continuing to grow to June 2024. Significant growth in employment for support functions such as ICT, managers, legal, HR and other occupational groups relative to front-line positions was noted. The article also finds that, despite rhetoric about deregulation since the 1980s, regulation has grown steadily, with no meaningful decrease in word count since the 1980s and 1990s. The article has some useful analysis on more recent events. It generally supports the argument that increases in expenditure following a crisis or the election of a left-of-centre government are difficult to wind back. More social spending on health and welfare have driven much of the growth.

The article portrays the rapid increase in public spending in the Covid-19 era, and on other activities post-2022. It also looks at recent data and forecasts attempts to wind back the increased spending under the Ardern–Hipkins government. It argues for the state to manage fiscal risks and

maintain a buffer against adverse events because of New Zealand's small, open, exposed economy and high risk of natural disasters. On the positive side, net worth has increased since 1992, partly through revised valuations of government property.

The fourth article, by Simon Chapple, concerns the legitimacy of how the public service uses ethnic categories in its long-term insights briefings to ministers, designed to identify trends, risks and opportunities. The article argues that ethnicity receives a high level of attention in these briefings, but that ethnicity is portrayed in an essentialised, binary manner that ignores the complex interactions and relationships between people. It argues that many people identify

groups will appear younger and faster-growing even when fertility rates fall across all categories because of how the data and algorithm are constructed. The article makes the case that use of binary categorisations is used to promote essentialist beliefs: that ethnic categories have unique defining categories which are commonly applied to Māori in the insights briefings, but are absurd or offensive when similar stereotyping is applied to other ethnic categories.

The fifth article, by Kyle Higham, Bernardo Buarque and Troy Baisdon, suggests that evidence-based policymaking aims to improve government decisions by grounding them in research. They note,

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with and belong to more than one ethnicity, but this is not how the data is portrayed, despite being collected in a manner that allows identification with multiple ethnicities, and despite the fact that the majority and growing numbers of Māori and others resist binary categorisations. In summary, Chapple makes several points. The first is that aggregating and reporting identity in such a narrow, essentialist way does not reflect how participants identify. The second is that it obscures the existence and identities of multi-ethnic people, who remain invisible. A third point is that difference is strongly focused on Māori. A fourth point is that it endangers accurate analysis: for instance, it obscures possible drivers of change in Māori and Pacific categories beyond the common attribution to a younger age structure and higher fertility rates.

Instead, Chapple raises the possibility of exogamy being another reason – specifically, relationships between ethnicities. This means that minority

however, that evidence is easily misused because of low technical expertise, expediency, and political or other constraints. They note the existence of 'policy-based evidence making', when research is cherry-picked to justify decisions. This is a threat to trust and legitimacy, as well as raising broader issues around capability. The article does, however, discuss the role of technology in addressing some of these issues. Other problems identified are the incentive effects of funded research, and the use of evidence which is convenient and quantifiable rather than that which is most relevant or most valid. Commissioning unpublished research, especially when policymakers choose the experts, affects the reliability and transparency of evidence-based policymaking processes. It raises questions about bias. This issue is described as particularly relevant to the New Zealand context where papers do not have DOIs and so cannot be linked to standard bibliometric databases and their metadata.

Basic steps like providing DOIs would allow for better analysis of citation patterns in policy documents, providing a useful tool for identifying what and who influences the policy writers.

Higham, Buarque and Baisdon suggest independent reviews of major policy documents to address transparency concerns, better accessibility of policy documents, and standardised citation practices to enhance transparency and reliability. The latter could make evidence-based policymaking more transparent especially as new tools allow for citation patterns to be tracked and mapped with more ease than in the past.

The final article, by Natalie Blackstock, Dyanna Jolly and Jon Sullivan, has the glorious title 'Pussyfooting around? Companion cat by-laws in Aotearoa New Zealand'. It then turns serious, making a case for how consultation can build trust and legitimacy and improve governance, but also recognising the limitations of that process and calling for improvements in how it could be done. It raises issues around both the threats that cats pose to

the natural environment and their capacity to transmit diseases and parasites to both humans and wildlife. It draws on submissions to five councils to analyse public attitudes to by-laws regarding desexing, microchipping, registration, and limits on the number of cats per household. It identifies five major themes: support for by-laws, anti-regulation sentiments, nuisance-related issues such as fouling gardens, conservation/environmental concerns and cost concerns.

Conclusion: breaking the compliance trap

Capability challenges show the critical dimension of New Zealand's trust deficit. The policymaking risks systemic weaknesses in how evidence informs policy, especially the absence of basic scholarly infrastructure such as DOI standards. These findings echo international concerns about the 'post-truth' policy environment, but show distinctively New Zealand institutional failures. The workforce challenges, especially the need for policy craft skills, mirror broader international trends in professional public

administration, but still call for solutions tailored to New Zealand's small, generalist public service context.

Through this collection of articles in our special issue, we identify pathways for changes: shifting from compliance-based to learning accountability systems, and harnessing evidence-based policy design and strategic fiscal capability. While the erosion of public trust in government institutions has emerged as a defining challenge for New Zealand's public management, accountability systems must evolve to meet contemporary demands. Collaborative working arrangements and accountability frameworks may be trapped in the so-called 'accountability paradox', where compliance mechanisms designed to ensure transparency actually inhibit effective collaboration. The solution lies in developing better learning accountability and adaptive systems (Piening, 2012). However, technical fixes must be accompanied by cultural shifts in the public sector.

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