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Editorial Note

The final issue of *Policy Quarterly* for 2006 has a strong social policy and service-delivery theme. This is clearly evident in four of the articles – by Hilary Stace and Jacqueline Cumming, by Judith Davey and Kathy Glasgow, by Ann Walker, and by Bill Ryan – all of which are concerned largely with 'domestic' New Zealand issues.

However, it is also apparent in the first article, by Roderic Alley, who discusses New Zealand's international involvement in the development of Pacific Islands governmental systems. In this highly topic piece he reflects on the multifaceted difficulties faced by Pacific Island nations in developing their governmental systems in the context of the United Nations' Millennium Development Goals, the Biketawa Declaration and the Pacific Islands' Pacific Plan. He argues for a human rights-based approach to public sector reform in the Pacific, particularly in regard to women, one that is based on mutual trust and respect and principles of 'good governance', and which is also sensitive to the cultural and social realities of individual countries. And he suggests ways in which New Zealand can contribute to this process more effectively, in the face of severely constrained resources.

It is worth noting here that this is an area where the Institute of Policy Studies, and the School of Government as a whole, have many layers of interest. We have many Pacific public servants among our students both in our general courses and in tailored training and education programmes. And several School staff are or have been involved in reform projects on aspects of public management around the Pacific. For example, the IPS is presently assisting the government of the Solomon Islands in developing a new constitution, which it is hoped might start to address many of the issues raised in Roderic Alley's article; and the Institute is also working with the government of Tonga on the fraught democratisation process underway in that country. A major IPS research project on Pacific connections is also nearing conclusion, and is likely to feed into further work on Pacific governance issues in 2007.

In the second article, Hilary Stace and Jacqueline Cumming present a critical view of contractual relationships between government agencies and the voluntary sector, with a particular focus on health and disability services. They raise the question of whether the use of contractual relationships derived from agency theory actually detracts from effective service provision rather than enhancing it. They do not advocate the end to formal contracting, but rather suggest ways in which it might be made to work more effectively, especially in the interests of service users.

Next, Judith Davey and Kathy Glasgow discuss the increasing public policy attention being paid to the ageing population, especially in regard to income maintenance and health care. They compare New Zealand's Positive Ageing Strategy with similar programmes drawn up by the British and Australian governments, following initiatives taken on an international plane by the OECD in the late 1990s. As the lines between 'middle age' and 'old age' become increasingly blurred, all these strategies emphasise (as they surely must) the positive dimensions of growing older, especially beyond the conventional retirement age. According to the authors, there are fewer incentives to retirement in New Zealand than in either Britain or Australia, and while the positive ageing strategies undoubtedly have a 'motherhood and apple pie' ring to them, they are by no means beyond criticism. Davey and Glasgow query the emphasis that is being placed on the economic dimensions of ageing strategies and on what they see as an overly optimistic view of self-reliance, which may not be sufficiently attentive either to social and cultural diversity, or to the situation that faces the 'frail old', who may face the risk of further social marginalisation.

In the fourth article, Ann Walker continues the social policy theme. She draws upon her doctoral research in raising some pressing questions in regard to the interagency collaboration that is essential to the effective child protection work being carried out under the rubric of the government's Strengthening Families Strategy. In making important distinctions among 'cooperation', 'coordination' and 'collaboration', she identifies some common problems encountered by community and government organisations in their efforts to work together. She discusses factors that are essential to effective interagency collaboration, and the role of network analysis in evaluating the success or otherwise of these endeavours.

In the final contribution, Bill Ryan raises some generic questions in regard to 'managing for outcomes' (MFO), which he sees as intellectually, managerially and politically challenging. He is concerned that many agencies may not grasp the depth and complexity of linking their activities to desired outcomes, and argues that there is a need to understand in much more detail the behavioural assumptions of particular policies, and, conversely, the manner in which clients and others will respond to and act upon the goods and services offered by government. In his view, unless such assumptions are apparent in plans and strategies, to enable genuine learning and debate, then MFO might become discursive window-dressing rather than a more effective mode of governance.

Finally, it is worth noting that in their contribution, Hilary Stace and Jacqueline Cumming refer to the arguments presented by Jo Cribb in an earlier issue of *Policy Quarterly*, in which she discussed the differences between agency and stewardship in the shaping of relationships between government departments and community organisations. My Co-Editor, Jonathan Boston, and I see this as good evidence that the pages of this journal can provide an increasingly important arena for highly informed debate on issues of New Zealand governmental policy making. To this end we invite readers to look at *Policy Quarterly*'s editorial policy on the back cover.

Robert Gregory

Co-Editor

A Sea of Troubles?
New Zealand's Public Sector Neighbourhood

Roderic Alley*

Introduction

The 37th Pacific Islands Forum (PIF) witnessed some painful political inflammation in 2006. Its October annual heads of government meeting, held in Fiji, saw Australian prime minister John Howard face a Melanesian wall of resentment. This was instigated by a row that erupted over former Solomon Islands attorney general Julian Moti, an Australian lawyer facing extradition over child sex charges, who was sheltered by Solomon Island prime minister Manasseh Sogavare and his Papua New Guinea counterpart, Sir Michael Somare. With Australian impatience and willingness to assert aid conditionality, the temperature rose sharply. Foreign Minister Alexander Downer claimed that taxpayers deserved a far better return for what had been invested in the region.[1] (Currently, Australia provides more than A$300 million annual bilateral assistance to Papua New Guinea, and its outgoings to the Solomon Islands since 2003 are treble that amount.) A decision by the Howard government to stop a visit to Australia by Prime Minister Somare was widely viewed as a setback to neighbourly relations.

Political conditions in Fiji worsened as a showdown loomed between the commander of the Fiji military forces, Commodore Frank Bainimarama, and Prime Minister Laisenia Qarase's government, each demanding the other's resignation. Less spectacular, but as important, was growing public disaffection with the standards of governance evident in several Pacific Islands states. In response, local leadership groups have cried foul at having been blamed for historical and structural dependencies that they claim are beyond their responsibility or remedy.

Pressures mounted with a more overt, substantial Australian intervention into Melanesia, where, with New Zealand and other PIF administrations, the Howard government has played a dominant role since 2003 in the 15-nation Regional Assistance Missions to the Solomons (RAMSI). This unprecedented involvement stemmed from Canberra's belief that failing governance could expose the region to exploitation by activities associated with global terrorism.[2] Designed not just to return civil order and secure weapons surrender, RAMSI sought to initiate broader peace reconstruction through the installation of a corruption-free, accountable, retrained and service-oriented public sector.[3] This was legitimised by the PIF's non-binding, but consensus-backed, Biketawa Declaration of 2000 committing members to 'good governance, which is the exercise of authority (leadership) and interactions in a manner that is open, transparent, accountable, participatory, consultative and decisive, but fair and equitable'.[4] The declaration adumbrated a scale of options designed to remedy internal crises, including, should it prove necessary, last-resort intervention based on PIF unanimity and host-state consent.

What do these conditions suggest for future public sector development within Pacific Island states? Will this see decay and slippage (as threatens with Papua New Guinea's public health services losing ground in their battle against HIV/AIDS), or could the region's current

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* While accepting full responsibility for this paper, the author acknowledges the comments that Alastair Bisley provided on a draft.

1 Downer's comments to Sky TV, cited by Greg Ansley, 'Howard braces for Fiji storm', *New Zealand Herald*, 21 October 2006, B6.

2 Australia has offered to assist Forum countries to allow the tracking of financial flows, 'including those funds used to support terrorism'. Item 14, Forum economic ministers' meeting, Rotorua, 9–10 June 2004, Forum Economic Action Plan 2004, at www.Forumsec.org.fj/news/2004/June.

3 As of 2005, 88 local police officers had been charged with serious offences, including corruption, and a quarter of the force removed from office (Wainwright, 2005, p.3).

4 Biketawa Declaration, agreed 28 October 2000, Kiribati, Pacific Islands Forum Secretariat, at www.Forumsec.org.fj/news/2000.

and perhaps future political or security crises give the jolt needed to catalyse effective public sector reform (one aim of the RAMSI exercise)? Regardless of either possibility, there is little doubting its necessity – whether for the future constitutional integrity, service-delivery needs, or problem-solving capacity of fragile political entities already heavily penalised by distance, remoteness, relative impoverishment and insularity. As a valued study has warned: 'the cost of poor governance in a small society is very large, given the extreme difficulty in recovering from the consequences of inappropriate polices and practices sustained over a long period. A national consensus on the importance of governance is needed in many small states, as is an appreciation of the ease with which the system can go off-track as a result of both domestic and external shocks' (Commonwealth Secretariat and World Bank Task Force on Small States, 2000, p.39).

At one level, a grasp of the key issues at stake is simple: most Pacific Island citizens want improved nationwide basic services, an end to corruption, and educational facilities offering better employment and life chances. These calls have been variously conveyed through innumerable reports over the last two decades, this process itself adding a layer of complication. Now awash with recommendations, the region faces embarrassment that all this prescription has witnessed not just neglect or implementation failure, but actual deterioration in public sector standards. Lying at the core of this complication have been persisting claims and counter-claims over the cultural appropriateness of what is externally recommended – be it public agencies not beholden to traditional authority, programmes fostering gender neutrality, or rights-based entitlements. Elements of this division have permeated the PIF secretariat. Sometimes such concerns are genuine and justifiable; in other cases they provide cover for postponement or abuse of office. At some stage, however (some beginnings are already detectable), the region will need to conduct its own difficult but salutary political battle over the nature and locus of domestic public responsibility. Central here is whether performance in office will supplant kin or ethnic loyalty as the key driver in determining electoral outcomes.

In considering questions like this it is helpful to assess three avenues that have assumed salience in the relevant current policy discourse. They are: first, attempts by the PIF's Pacific Plan (Pacific Islands Forum Secretariat, 2005) to advance one of its component objectives comprising principles of good governance; second, rights-

based formulations and the possibilities they offer for enhanced ownership, participation and implementation of devolved and central public sector functions; and third, a New Zealand dimension that embraces findings from the recently published Law Commission report on human rights and culture in the Pacific, as well as associated development assistance considerations.

The Pacific Plan

The PIF Pacific Plan, endorsed by governments in 2005, resulted from a designated task force, an oversight leadership group, the Forum secretariat, and feedback from relevant donor, official and non-governmental interests. Good governance was included along with other key goals: economic growth (enhanced trade, infrastructure and private sector investment); sustainable development (poverty reduction, enhanced health, education, gender equality, cultural value protection); and security (maritime and aviation surveillance, border controls, law enforcement capacity, disaster management). Overall, the plan seeks to foster the bilateral and regional partnerships needed to support the institutional and resource commitments and political momentum needed to realise a range of specific goals. There is an assumption that the plan will remain the focus for future regional and national policy development. Necessarily, that will depend on the willingness of governments to assume fuller plan ownership, and to advance additional initiatives – including policy on migration and population growth.

So far as the Plan's governance objectives are concerned, three aspects warrant note. First, the objectives of enhanced transparency, accountability, participation, equity and efficiency are designed to secure sustainable resource management objectives as well as function as ends in themselves. While not overtly prescriptive, this is an attempt to legitimise the activities of national organisations striving to rein in the patrimonial, client-based and rent-seeking political conduct of élites which abuse public office for private gain.

Second, locally produced working papers provided as supplementary to the published Plan offer fruitful insights into what is termed a 'governance deficit'.[5] They highlight gaps between what is practised and understood,

5   See, for example, 'Political governance', Listing Gallery: Good Governance Pacific Plan, April 2005, at www.pacificplan.org.

as distinct from what is required for public stewardship responsive to, and responsible for, the region's citizens and resources. Identified is an interlocking problem where, for the most part, a lack of national political purpose, direction and leadership has aggravated, but also emerged from, serious deficiencies in financial resources, human capacity, societal fabric, and the operative transmission and communication of public objectives. In essence, these local reports suggest that the societal and institutional software needed to secure the region's democratisation is either missing or inadequate.

These problems spiral inwards in other respects. The weakened problem-solving capacity of central public sector agencies renders them even more useful as employment and welfare bailiwicks, where nothing is risked at work that might jeopardise a salary feeding an extended family or wantok. Small, isolated and weak economies, vulnerable to the vicissitudes of weather or external economic conditions (e.g. Kiribati and Nauru), readily treat the public service as a system of welfare (Larmour and Barcham, 2006, p.175). Potential coordinating functions are weakened as parliamentarians engage in the direct delivery of services to their electoral clients, eroding political consideration of national needs.[6] In turn, a vacuum in national policy analysis or

formulation places even heavier reliance upon technical assistance from donor and lending agencies. Samoa's relative success in coping with these problems has not been widely emulated (Delay, 2005).

Third, fuller usage of good governance criteria is seen as assisting in recognising how local conditions compare internationally. Recently the World Bank has attempted to survey governance capacity through a cross-national comparison identifying six components: voice and accountability (measuring political, civil and human rights); political stability and absence of violence (assessing the likelihood of violent threat to, or changes in, government, including terrorism); governmental effectiveness (measuring the competence of the bureaucracy and public service delivery); regulatory quality (measuring what the Bank considers 'market unfriendly' policies); rule of law (quality of contract enforcement, judicial independence, incidence of crime); and control of corruption (assessing not just abuse of public power for private gain, but emboldened corruption comprising state capture by élites). Two comparisons are cited here, which are especially relevant given the PIF Secretariat's decision to employ all six World Bank governance criteria for purposes of ongoing assessment throughout the region.[7]

Table 1: Rule of law: selected PIF countries

Country	Year	Percentile rank (0–100)	Standard Error	Number of surveys/ polls
Fiji	2005	47.8	0.23	3
Kiribati	2005	72.9	0.26	3
Marshall Is	2005	46.4	0.38	2
Nauru	2005	77.3	0.76	N/A
Palau	2005	52.2	0.76	N/A
P N Guinea	2005	18.8	0.16	8
Samoa	2005	84.1	0.26	3
Solomon Is	2005	19.3	0.26	3
Tonga	2005	63.3	0.26	3
Tuvalu	2005	87.9	0.33	1

Source: D. Kaufmann, A. Kraay and M. Mastruzzi, *Governance Matter v Governance Indicators for 1996–2005*, Washington DC: World Bank Group, 2005, at http://www.worldbank.org/wbi/governance/pubs/govmatters4.html.

Notes: For this and Table 2, percentile rank indicates the percentage of countries worldwide that rate below the country score identified (subject to margin of error). Higher values thus indicate better governance ratings. For this and Table 2, the Cook Islands was

listed in the survey, but without data being available for either of these dimensions.

6   Ibid.

7   For an application of these and related criteria to Fiji see Azmat Gani and Ron Duncan, 'Fiji's Governance Index', paper presented to the Fiji Uptak., ANU/USP, 1 September 2004, at www.uspp.ac.fj/fileadmin/files/Institutes/piasdg/government.

Table 2: Voice and accountability: selected PIF countries

Country*	Year	Percentile rank (0–100)	Standard Error	No surveys/ polls
Fiji	2005	50.7	0.19	4
Kiribati	2005	72.0	0.20	3
Marshall Is	2005	89.4	0.21	2
Nauru	2005	80.2	0.21	2
Palau	2005	89.4	0.21	2
PN Guinea	2005	45.4	0.15	2
Samoa	2005	67.1	0.20	6
Solomon Is	2005	53.1	0.20	3
Tonga	2005	42.0	0.19	4
Tuvalu	2005	82.1	0.20	3

Source: D. Kaufmann, A. Kraay and M. Mastruzzi, op. cit.

Such comparisons might convey more about unsatisfactory global conditions than they do about Pacific locations, suggesting the need (notwithstanding possible local resistance) for a benchmarking scale restricted to PIF members. At any rate, it is clear that public sector reform cannot progress in the absence of an effective rule of law, or legislative systems giving voice to constituents and holding political executives to account.

The Pacific Plan now faces the task of having to earn its persuasive credibility among élites most in need of what it recommends for cleaner public services – namely, enhanced audit, an ombudsman, judicial training, and codes of leadership accountability. These calls are not new. In 1997, PIF leaders endorsed eight principles of accountability, many being neglected, whether for reasons of malfeasance, technical skill shortage, or the continuing inadequacy of national statistical services.[8]

To prosper, the Plan's good governance agenda will probably require a willingness to develop hybrids, where, according to national circumstances, different mixes of non-state actor, local level, central and regional functions might blend. Fraenkel (2005, p.266) believes that the most important issue is not one of fitting together indigenous and 'western' modes of governance, but rather how best to graft formerly village-based, highly personalised styles of leadership onto government

in newer and inevitably more impersonalised, post-colonial state settings.

Powell (2005, p.234) favours policies that encourage investment in a national environment, indirectly endowing state legitimacy through enhanced rural indigenous institutions with a capacity to enforce social norms and resolve collective action problems. For tidy minds that may seem a recipe for chaos, but exigency demands compromise. Certainly, lead functions would require clear identification – possibly via a strong local personality of standing, publicly committed to making such a local mix work. With a pressing need to move beyond its current capital city 'Honiara fixation', that prescription makes eminent sense for the Solomon Islands.

The need to acknowledge the significant legitimising functions performed by informal structures and beliefs, built on the known social space of personal

8   The eight principles included: public and parliamentary disclosure of budgetary processes; full auditing of government, state-owned enterprise and statutory corporation accounts; similar disclosure of public loan agreements or guarantees; open competitive tendering of all government and public sector contracts; effective disciplining of financial regulation contravention; parliamentary committee empowerment for full financial disclosure; adequate resource allocation for auditor-general and ombudsman activities; and safeguarding of central bank monitoring, advisory and independence functions. Implementation difficulties acknowledged by Forum economic ministers include either the lack of, or ambiguous or inadequate, legislation; defective enforcement capacity; and deficient regulatory processes. Forum economic ministers June 2001, 'Governance and Accountability: report on implementation of Forum's eight principles of accountability', at www.Forumsec.org.fj/docs/FEMM/2001.

allegiances rather than formal structures of authority, seems imperative throughout much of Melanesia. The dominant public policy paradigms – often rational, centralist and hierarchical – discourage thinking that includes the admittedly messier, but potentially as fruitful, diversity of strategies. These include what Pope (1997, p.19) has termed a 'transparency of relationships'.

This highlights a need for different Pacific Island locations to evolve home-grown philosophies of working subsidiarity. Paying lip service to principles of local delivery involvement, but often ignoring them in practice, donor behaviour could alter by having to operate through validated forms of devolution.

Other incentives encouraging hybridisation of governance functions – for example, fuller use of church and inter-faith processes – include the imperative need to confront a worsening spread of HIV/AIDS (Cullen, 2006), and whole-of-government approaches looking to comprehensive security as a principle in guiding post-conflict reconstruction on Bougainville. For any of these initiatives, however, the risk of failure remains high in the absence of functioning political rights.

In sum, while the Pacific Plan has addressed key public sector requirements under a good governance rubric, its standing as a creation of the intergovernmental process, and one largely financed by Australia and New Zealand, remains subject to the vicissitudes of national compliance. For Iosefa Maiava, delivering the 2006 Siwatibau Memorial Lecture, support for the governance objectives of regional cooperation has been patchy and slow, possibly because it has been driven by outsiders 'with specific agendas and interests that are not always selfless'.[9] However, economic assistance programmes encouraging local entrepreneurship are more likely to avoid the charge of neo-colonialism than those that are dominated by public or private organisations of donors (Rondinelli and Montgomery, 2005, p.21). Placing the PIF on a firmer statutory basis, a process currently in hand, could help foster procedures where, as in the OECD, prescriptive interchange between governments is diverse, routine, reciprocated and non-confrontational.

Human rights

A rights-based approach to public sector reform in the Pacific is both more direct and less inhibited by the sovereignty sensitivities that were required to navigate the Pacific Plan. The capacity of rights issues to cause discomfort can prove positive by politicising demands for enhanced public sector capacities and deliveries of service. But what is needed to link advocacy pressures to observable institutional outcomes? Bridging functions include processes of community participation extending beyond voluntarism – indispensable though that remains – as well as legislative reform.

The Regional Rights Resource Team offers an example of a Pacific-based organisation that offers technical and policy advice in Fiji, Kiribati, Solomon Islands, Tonga and Vanuatu. Its goals include the development of a human rights culture rather than project attempts to insert a rights-based approach into public sector conduct (Jalal, 2005). Though this project has limited resources, it has benefited through the heightened salience of human rights in donor agendas, extending in some instances to the withholding of funds in the event of serious rights violations by potential recipients.

Corruption constitutes a major rights violation throughout the Pacific. Transparency International, with research funded by the Dutch government, has promoted attempts under its national integrity system to assess corruption and foster reform on a holistic basis. The key pillars of this system include: public awareness; public anti-corruption strategies; public participation; a fostering of 'watchdog' agencies, and appropriate roles for the news media; and judiciary, private sector and international cooperation.[10] Larmour and Barcham (2006), investigating the integrity system's application to Pacific Island states, found pillars in place for most functions, but an absence of monitoring capacities, and no country with 'an official, dedicated, independent anti-corruption agency … though the Ombudsman Commission in Vanuatu (modelled on that in PNG) has the task of investigating and reporting on infractions of the mandatory "leadership code" affecting politicians and senior officials' (Larmour and Barcham, 2006, p.176).

9   Iosefa Maiava, 'Governance and the Pacific Plan', Savenaca Siwatibau Memorial Lecture, Suva, 3 May 2006, at www.tikiwiki. org.

10 For a full listing see J. Pope, *Transparency International 2000*.

Table 3: Representation of women in Pacific Island Forum legislatures (lower or single house)

Country	Elections	Seats	Women	% Women
New Zealand	Sep 2005	121	39	32.2
Australia	Oct 2004	150	37	24.7
Fiji	May 2006	71	8	11.3
Samoa	Mar 2006	49	2	4.1
Vanuatu	Jul 2004	52	2	3.8
Tonga	Mar 2005	30	1	3.3
Marshall Is	Nov 2003	33	1	3.0
P N Guinea	Jun 2002	109	1	0.9
F S Micronesia	Mar 2005	14	0	0.0
Nauru	Oct 2004	18	0	0.0
Palau	Nov 2004	16	0	0.0
Solomon Is	Apr 2006	50	0	0.0
Tuvalu	Aug 2006	15	0	0.0

Source: New Zealand Law Commission, *Converging Currents (2006)*, 7.26, pp. 90-1.

More broadly, the region's observers link rights needs to associated institutional development requirements. Peebles sees the lack of a human rights intergovernmental system as an indication of the immaturity of the PIF as an effective regional structure (Peebles, 2005, p.195). He recommends the establishment of an Oceanic Human Rights Charter (Peebles, 2005, p.199-212). Powles (2005, p.262) identifies a need to find 'ways of protecting and promoting tradition and culture, recognising that it is not static and is always evolving, while also acknowledging the universality of international human rights'. Hassall (2005, p.241) notes weak legislative capacity, including representative modes that ignore national need, abuse of position for private gain, incompetent law-making, ineffectual monitoring of the executive and, in totality, inadequate response to the needs of the people.

A far higher level of representation of women in the region's legislatures is essential (See Table 3).

At official levels, reticence in the advancement of human rights has been evident, although a Pacific Island leaders meeting in Auckland in April 2004 pledged support to the PIF secretariat in enhancing the governance capacities of Forum members and related agencies by encouraging the creation of national human rights systems. However, tension persists between human rights advocacy and Pacific Island governments on grounds that criticism from within entails loss of face to foreigners, or on grounds of cultural relativism (Jalal, 2005, pp.5-7). The establishment of national human rights bodies, in accordance with the

Paris Principles, has been slow, as has ratification of relevant international instruments – for example, compliance with International Labour Organisation codes on collective bargaining and worker organisation.[11]

In attempting to work directly with Pacific Islands governments on rights issues, the United Nations Development Programme (UNDP) has affirmed that objectives of good governance for sustainable growth, equitable development, lasting peace and social cohesion will not occur without an integration of human rights into development policies and legislative frameworks. The UNDP has also claimed that 'responsive and accountable institutions of governance are often the missing link between antipoverty efforts and poverty reduction' (UNDP, 2000). That provides useful guidance, but a more critical test of the salience of human rights is the extent to which the issue assumes conditionality within future European Union and other development assistance profiles.

Viewed in combination, human rights advancement, legislative reform (including public accounts committee functions), the representation of women, and civil society engagement will be severely tested in delivering

11 The 1991 Paris Principles, endorsed by the United Nations, recommend, *inter alia*, the assumption by national human rights institutions of a broad competence to advise, recommend and report on national human rights conditions, monitor legislative enactments, investigate rights violations, encourage ratification of international instruments, and promote rights education and anti-discrimination initiatives.

the key policy outcomes identified in the 2000 Millennium Development Goals. These encompass poverty eradication; universal primary education; gender equality and women's empowerment; reduction of child mortality; improvement of maternal health; combating HIV/AIDS, malaria and other diseases; and the development of global partnership in development. Regrettably, implementation of these objectives has been hampered by the failure of Pacific governments to engage legislatures and civil society interests prior to their endorsement (Morgan, 2005, p.12).

New Zealand's engagement

As security conditions deteriorated in Fiji, more seriously on Bougainville, and then in the Solomon Islands, New Zealand's focus on governance reform has sought to assist constitutional rehabilitation, judicial, police and rule of law functions, and some limited assistance to human rights advocacy through non-governmental initiatives. Revealing a small increase, total New Zealand development assistance stood in 2006 at 0.27% of gross national income, which included increased disbursements to Melanesia.

In the last decade the most overt intervention by New Zealand for purposes of public sector refurbishment occurred in the Cook Islands. After the Cook Islands economy deteriorated sharply, in 1996 New Zealand instituted a wide-ranging programme through a series of 'tough love' austerity measures involving public sector downsizing, sale of state assets, a value-added tax, stimulation of private sector-led growth, and strengthening of financial and economic management. Since then, the Cook Islands has received technical assistance for short-term training programmes. Other bilateral examples include law and justice sector enhancement (Fiji); community policing (Bougainville); service delivery and institutional strengthening (Samoa); and correction facility services (Vanuatu).

Worthy and laudable, these initiatives nevertheless operate within a framework that is constrained by inadequate funding. Given those constraints, what more could be done? The Millennium Development Goals, already assuming a prominent role in New Zealand's development assistance profile, require stronger recipient national monitoring and ownership though civil society and governmental partnerships. New Zealand could further assist here, as it might with expertise in policy development and delivery of improved urban governance, property rights settlement, law reform and youth employment.

The United Kingdom's Department for International Development has established useful methodologies regarding the utilisation of non-state actors for the articulation of development assistance need and its delivery. New Zealand could encourage such an approach in PIF locations. Non-state providers could include individual practitioners, firms, citizen-based organisations, non-governmental organisations and faith-based bodies. Relevant research designs concentrate on policy dialogue by government with such providers; the regulation, oversight and monitoring functions that they can perform; facilitation, including access to finance and information; and the actual commissioning of service delivery (Batley, 2006, pp.193-6).

The New Zealand Law Commission's October 2006 study *Converging Currents: custom and human rights in the Pacific* argues that the development of a Pacific jurisprudence will occur only as Pacific nations find ways to better integrate custom and human rights as sources of law. Far from threatening custom, it is maintained, human rights can help it to develop and survive in a modern world. Such harmonisation, it is hoped, will work towards a cultural legitimating of human rights by advancing them in ways that reflect the values of Pacific societies. While the survey excludes issues relating to property rights, governance, corruption, self-determination, intellectual property and non-customary restorative justice from in-depth consideration, it displays a willingness to test the extent to which existing custom coexists with human rights regarding the current role of women in the Pacific.[12] Findings from this study warrant Pacific exposure and response.

12 Relevant citations from this study include: 'It is clear that Pacific women have real cause to consider their treatment under custom law to be unjust' (7.1); 'A belief that political leadership is the preserve of men is deeply ingrained and regularly expressed' (7.27); 'In some cases systematic bias is apparent in local government, particularly where this is in the hands of traditional leaders who are overwhelmingly male' (7.31); 'Violence against women is a major concern in the Pacific' (7.35); 'The evidence is compelling that custom law is substantially controlled by men and is often used to subordinate women' (7.56); 'Pacific women who speak out on human rights are generally comfortable with adapting it to reflect human rights. Their main concern is to amend the male monopoly on custom's interpretation and application' (7.58); and 'We believe that the issue of women's rights may be the key to greater acceptance of human rights generally in the Pacific' (7.62).

Looking ahead

This paper has noted the ambivalence that persists throughout the Pacific Islands towards public sector reform. This reflects the continuing impact of a dichotomy bequeathed by decolonisation's awkward grafting of indigenous authority systems onto the 'legitimation of administrative structures which had been established by colonial powers for colonial ends' (Ghai, 1990, p.2). While colonialism may not have stinted on the scaffolding of public bureaucracy, this did not foster institutional accountability, or function in an environment dedicated to providing the education and information systems needed to build a national citizenry. While needing continued external technical expertise, enhanced public sector capacity in the Pacific will not emerge without the bracing provided by representative institutions organised and motivated to hold executives to account, nor without systems of law operating to professional standards of independence.

The setting's diverse cultural and physical spaces can prove advantageous as an antidote to formulaic recommendations for public sector enhancement. Recognition and use of different local modalities could lessen current abuse of central political and administrative systems for private ends. Existing cultural and national rivalries need not obstruct the region's learning from itself. Samoa's relative success in handling development assistance through its stability, local high-level championing, restriction on the number of donors, and integration with national planning warrants regional attention (Delay, 2005, pp.434-5).

Advocates of public sector reform in the Pacific face difficulties across a variety of fronts, as perceived external intervention consolidates primary loyalties among élites and power holders, who are disinclined to venture into the uncharted territory of greater recruitment of women into positions of public sector responsibility. Much of the existing public sector apparatus, concerned to maintain job security under conditions of high and continuing unemployment, remains averse to risk-taking or utilising non-state interests for civil society engagement and service-delivery partnership purposes. That will have to change, however, in order to fulfil agreed Millennium Development Goal targets.

Given the scant resources available to several small to very small Pacific Island entities, pooling and rationalisation of some functions – for example, in statistical services, border control technologies or telecommunications (as in the eastern Caribbean) – makes plausible sense. This will need stronger partnerships based on proven willingness to collaborate. Currently, however, there is no mistaking the caution evident throughout the region towards enhanced intergovernmental cooperation – whether from globalisation (a promise or a threat?), dominant Australian financial and political capacity, or the role of even bigger players (the European Union, China). That attitudinal barrier is not insuperable, but reciprocity built on mutual respect will be required if it is to be overcome.

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Contracting between Government and the Voluntary Sector: Where to from Here?

Hilary Stace and Jacqueline Cumming

Introduction

In the 1980s and 1990s public sector management in New Zealand underwent a profound reorganisation. This involved the corporatisation and privatisation of many state assets, with the separation of the roles of funder, purchaser and provider. Non-commercial or 'core' public functions of the state were separated from commercial functions to enable the latter to be contracted out to private organisations, in the pursuit of efficiency and effectiveness (Boston, 1995).

A feature of this 'new contractualism' was the creation of a competitive system of service provision based on 'quasi'-markets, whereby the market is incorporated into the welfare state, with the state retaining its role as funder but transferring its task as provider to a variety of independent providers in the third sector (which includes private, profit-making businesses and community and voluntary not-for-profit organisations) and state agencies. Services often remain free at the point of delivery and usually no money changes hands between the final user (e.g. pupils, patients, people with impairment) and the provider (schools, hospitals, disability support services), with the funder paying the provider for the services delivered.

In this era some health and social services were already shifting from public to private provision as a result of deinstitutionalisation policies in mental health, aged and psychopedic care, increasing the role of community organisations in the delivery of services throughout New Zealand. These independent organisations were then well placed to compete for new contracts. But during the reorganisation period and the establishment of 'quasi'-markets, there was a shift for such organisations from grants funding to contracts. A grant is given to an organisation usually with some flexibility as to its use, and reporting requirements may be minimal. A contract is generally put out to competitive tender, prescriptive as to certain required outputs, and has strict compliance requirements.

In spite of further reforms in the health and social services sectors since 1999, contracting remains a major part of the New Zealand public sector, particularly in the delivery of health and social services. However, we believe that the market model is flawed, as it does not take into account or give value to the complexity and motivations of human interactions. This paper reviews some of the problems that have emerged, particularly for the health and social services sector, over the past decade around the mechanics of contracting. It offers some theoretical and practical solutions to these current problems, and presents some conclusions as to how contracting might be improved.

Problems encountered

It may seem surprising that contracting has become such an issue, when a contract is merely an agreement to exchange obligations, usually for money. Clarifying the obligations, for the voluntary and community sector in particular, should not require lawyers. And although contracts differ from grants, which tend to have less detail, most contracts are in fact commonsense arrangements. They are simply worded and usually work well. Contracting means that costs, volumes and resource use can be clarified, and there is a chance for new providers, such as iwi, to contract where funding is opened up to new agencies. But in practice it can be a very expensive and legally complex process, with the negotiating of even small contracts involving expensive lawyers and many managers, deflecting money from services. If, in the bidding process, providers change, this can mean the loss of good relationships and institutional memory, and even lingering bitterness. As a consequence, services can be overlooked altogether, leaving service users vulnerable. So, ironically, policy

makers have created a model that in many cases has deflected resources from actual service provision.

Health and disability sector

In 1993 there was major reform of the health sector, into something along the lines of a 'quasi'-market, with the introduction of increased contracting and competition. Four purchasers were established to buy services for their regions. They held funding for a wide range of services (primary health, secondary and tertiary services; laboratories and pharmaceutical services; disability support and, later, public health services). The World Health Organisation (2004) reviewed the contracting process and lessons learnt in regard to New Zealand health services. The reforms were intended to clarify costs and volumes, improve quality and allow innovation. There were some successes, as new groups took the opportunity to provide targeted services. But success was limited by the lack of real competition between providers (particularly between hospitals), a complex regulatory framework, and an adversarial legal framework with high transaction costs. Monitoring and accountability were variable and affected by market and political environments. The report emphasised that 'good relationships are seen as the key to successful contracting' (WHO, 2004), but this ideal was hindered by power imbalances between purchasers and providers, and by high staff turnover during the restructuring processes.

In 2000 the sector was restructured again into 21 district health boards (DHBs). DHBs hold the funding for a wide range of health and disability support services; they provide many services themselves and they contract for primary health care and community services from private providers. There are concerns from providers, given the dual role that DHBs play as both purchasers and providers, about the contracting model and what it might mean for the ongoing role of private provision (Health Reforms 2001 Research Team, 2003). The picture becomes further complicated for providers as the Ministry of Health retains direct funder status for some services, while 10 government departments, along with ACC, have various responsibilities in relation to disability services.

Over a decade after the initial reforms in the health and disability sector, contracting with government and its agencies is a major issue, especially for the community and voluntary sector. A 2003 survey

by the working group of member non-government organisations (NGOs) revealed a range of concerns about their relationships with DHBs, including poor communication, lack of feedback, failure to follow guidelines, and unequal relationships (Ministry of Health, 2003). It was the theme of the April 2006 health and disability sector NGO–Ministry of Health forum (Ministry of Health, 2006). Community Sector Taskforce member Peter Glensor told the forum that 'the system is characterised by greater or lesser degrees of mistrust, complicated processes of auditing and monitoring, enormous transaction costs for both funders and providers, and a lingering suspicion of malfeasance' (Glensor, 2006, p.3).

Recent research, such as that by Amohia Boulton on the Maori experience of contracting in mental health, indicates that the current system is also not working for Maori. The contracting model does not take into account Maori kaupapa, or ways of working, and as the relationships required are more complex than standardised interactions between provider and client, providers are giving a great deal of voluntary time to meet the needs of tangata whaiora ('people seeking wellbeing') (Boulton, 2005). The area of culturally-appropriate services requires much more attention.

Political responses

There have been several attempts to address these issues. The 2001 *Statement of Government Intentions for an Improved Community–Government Relationship*, led by Helen Clark as prime minister and Steve Maharey as minister responsible for the community and voluntary sector, commits the government to 'building strong and respectful relationships with the community sector', with the state as 'facilitator of a strong civil society' (Clark and Maharey, 2001). This commitment was formalised with the sector the following year in the *Framework for Relations between the Ministry of Health and Health/Disability NGOs* (Ministry of Health, 2002), and in December 2003 Treasury revised its *Guidelines for Contracting with Non-Government Organisations for Services Sought by the Crown* to reflect this agenda.

An MMP environment (following the introduction of mixed-member proportional representation in 1996) creates a delicate balance of political power. Opposition parties recently used their numbers on the social services select committee to call for an inquiry into the

provision of services for disabled people (Social Services Select Committee, 2006). Breakdown, inadequacy or manipulation of the contracting relationship is at the heart of this inquiry. The media attention given to problem cases can also be damaging, especially when disagreements between funders and providers stem from complex situations and different views about how the problems may have arisen.

But, in spite of various government initiatives, the system is clearly not working well. As contracting involves service provision to sometimes vulnerable people, and a great deal of taxpayer money, it is important to get it right. It may simply be that more emphasis needs to be put on basic human skills such as relationship development, common sense and trust, which have been overlooked in the enthusiasm for audit and compliance. A change of mind-set is required to emphasise the paramount needs of the service user, supported by strong and interconnected processes.

Ways forward

Radical change is unlikely and unrealistic, but there are many foundations of the current system that could be built on, by an approach combining theory and practice.

Agency and stewardship theory

Cribb's (2006) contribution to a recent *Policy Quarterly*, framing the current contracting system in the voluntary sector in terms of agency and stewardship theory, provides a useful benchmark in this discussion. Agency theory is the underlying philosophy of the contracting model that developed in New Zealand in the late 1980s, as expressed in the Public Finance Act 1989. Agency theory is based on an assumption that people are self-interested and motivated to maximise their own advantage. Principals use contracts to delegate tasks to agents, who must be carefully monitored to ensure that they undertake the task with maximum efficiency and do not abuse the system. Inevitable aspects of the system are goal conflict between principal and agent; information asymmetry, or different levels of knowledge; and moral hazard, whereby the agent will try to outwit the principal, leading to adverse selection when principals contract with agents who are not up to the task. Guarding against these requires a great deal of enforced legal compliance.

However, in her research with community organisations

Cribb found that reality defied the model. She saw that people in the organisations placed a strong emphasis on their relationships with their clients, rather than on the compliance requirements set out in the contract. Cribb argued that while these requirements are there to ensure high standards, in reality 'contracting and funding agreements with government agencies were seen to be driving down standards of care' (Cribb, 2006, p.12).

Cribb instead offers the theory of stewardship, which relies on goal alignment and a relationship of trust, and recognises altruism, whereby people work for the good of the organisation rather than their own financial gain. The attention to shared goals means less emphasis is required on auditing and monitoring.

The agency-theory foundations of the contractual model which replaced the previous grants-based system have been summarised as follows:

> A central policy department advised the responsible Minister on the services required by the Crown. The Minister purchased the required services as 'outputs' from the department itself, or from a third party ... The policy department monitored the delivery of the required services under a purchase contract. (Buchanan and Pilgrim, 2004, p.4)

The 1999 election of the Labour–Alliance coalition government signalled a change from agency theory but not from the contracting process itself, which was by then entrenched. Government has developed various strategies since 1999 to improve relationships and capacity-building. The 2004 amendment to the Public Finance Act reflected the desire for a stronger governance relationship between government and crown entities; public service standards for public resources; and managing for outcomes rather than outputs.

However, in a June 2006 paper, Robert Buchanan of the Office of the Controller and Auditor-General replied to Cribb's call for a move from agency to stewardship theory. He advised that the Office of the Controller and Auditor-General has 'advocated a risk-based approach to procurers, as one means of reducing transaction and compliance costs and ensuring that the available monitoring resources are used effectively and efficiently' (Buchanan, 2006, p.11). He suggested that promotion of stewardship was 'simplistic since the notion of stewardship already underlies not only

public service ethics but also the policy of having legally enforceable obligations in respect to resources that pass from one sector to another ... the fact that a contract is legally enforceable does not mean that the relationship as a whole should be characterised by a mentality of enforcement and compliance' (Buchanan, 2006, p.11).

It should also be noted that contestable funding, a policy which sits more easily with agency theory than with stewardship theory, is now compulsory. This follows a 2005 complaint by an opposition MP about the Ministry of Health procurement and contract management processes, under which former employees were winning non-contested contracts. This led to another report from the Controller and Auditor-General and the end of sole-provider emphasis in procurement (Office of the Controller and Auditor General, 2005). The problem remains: how to fit compulsory contestability into a model consistent with the government's frameworks?

Treasury guidelines

Treasury's *Guidelines for Contracting with Non-Government Organisations for Services Sought by the Crown*, updated in December 2003, provide a comprehensive template and reflect the government's wish for a good working relationship with the sector. The guidelines state that:

- Services purchased through contracts and other types of funding relationships should contribute to the achievement of Government outcomes and objectives.

- Contracting should reflect the needs of the ultimate users or recipients of the service.

- Contracts should provide appropriate accountability for public money.

- Contracts should represent value for the public money.

- The quality of service delivery will usually be of central importance.

- The Crown and its organisations should act in good faith.

- Government agencies should understand the nature of the organisations they and the Crown contract with.

Contracting and funding relationships with the community organisations should be consistent with the relationship the Government seeks to have with the community and voluntary sector. This implies:

- Recognising the objectives of both parties.

- Respecting the autonomy of the voluntary sector.

- Communicating in an open and timely manner.

- Working constructively together.

- Recognising the responsibilities of each party to its stakeholders. (Treasury, 2003)

There are different types of contracting or funding arrangements, but the above principles of good contract management are the same across the entire contract cycle.

Notwithstanding this, it is apparent from media reports, and anecdotally from NGOs, that many government contract managers and providers are not following Treasury's guidelines. Several providers at the April 2006 NGO–Ministry of Health forum complained of obstructive contract managers who do not answer phone calls or emails, or pay on time. This is part of the 'moral hazard' identified by agency theory, and is out of step with the ethics-based public sector stewardship that the Office of the Controller and Auditor-General advocates.

In light of these issues, it might be wishful thinking to suggest that it may be time for government agencies to look at whether contracts are always necessary. But, why have a long contract when a short letter setting out key issues will do? These processes should be straightforward and understandable to the people, often volunteers, involved in the community, voluntary, health and disability sectors. Responsible adults are usually well motivated to provide the required services. How, then, to move past the adversarial, low-trust practices that characterise contract theory and contracting?

Cribb's stewardship theory provides a good basis for analysis. Although it is already implied in the Treasury guidelines and Attorney-General's recommendations, there needs to be more emphasis on stewardship principles by those in the contracting partnership.

Good faith

Good faith is a key aspect that is obliterated by the assumptions underpinning agency theory, yet it is

central to the Treasury guidelines. Good faith recognises that people can exercise common sense, behave well and agree on what needs to be achieved. It involves honesty and fairness, transparent and democratic processes, accurate records, and the disclosure of relevant information in timely ways with 'no surprises'. Listening to others, taking account of what they say and looking for ways to make the agreement work are vital. Good faith is the basis of good relationships, which, as the WHO report emphasises, are the key to successful contracting (WHO, 2004). Basic communication skills are very important.

However, despite the best of intentions, problems and conflicts may still arise, such as non-performance by one side. Contracts are often ended by agreement, and this is part of good relationship management. But perhaps some kind of contracting ombudsman is needed to mediate in extreme situations?

Collaboration and networking

Sholom Glouberman is a Canadian-based health philosopher who writes on entrenched attitudes and practices in health care. His theories apply aptly to the contracting process. He calls for more emphasis on the human skills of networking, and collaborations across the sector (Glouberman et al., 2006). Policy makers have confused these complex human interactions with complicated mechanical procedures requiring merely a definitive manual. However, there is not a single formula or solution for such interactions, and local conditions require local responses. The need for stability in the health system is paramount and making 'small changes in stable environments to build on local strengths', such as 'rewarding and increasing the profile of programs where good collaboration is evident', will be more successful than attempts at restructuring (Glouberman et al., 2006, p.10). Effective collaborations are characterised by the parties treating each other as equals, having a well-rounded acquaintance, sharing a common purpose and being emotionally intelligent (Glouberman, 2006).

These ideas have been taken up in the New Zealand context by Gray Southon and others, who suggest that improved networking between health professionals, policy makers and community groups is the key to the future of health services (Southon et al., 2005). The health reforms of the 1990s emphasised hierarchical systems as a means of ensuring power and control. But networks 'handle knowledge, support expertise and deal with complexity in ways that hierachies are unable to' (Southon et al., 2005, p.317).

Human networks are relationships, which, by combining knowledge and perspectives, can solve complex issues, including those discussed here. It may be significant that a recent American book on social intelligence and human relationships (Goleman, 2006) is a bestseller.

Allies in emancipation

Expertise from the disability sector provides another theoretical approach. O'Brien and Sullivan (2005) suggest that in order for professionals to become 'allies in [the] emancipation' of disabled people they need to shift from the notion of providing services to that of being of support. If this capacity and empowerment model is applied to the contracting process, then the lived experience of the target population, the recipients of service, will become the sector's most valuable resource. Contract management and evaluation will be enhanced by the representation of target populations on boards, in workplaces and in decision making positions as valued 'bullshit detectors'. It is heartening, for example, that the Disability Services Directorate of the Ministry of Health has recently set up a consumer consortium.

Government initiatives

There are indications that government agencies themselves are looking at how the system can be improved, through mechanisms such as longer-term contracts, to ensure that more money is available for service provision and less is required for negotiation and compliance. With 16,500 live contracts in the Ministry of Health alone, there is much at stake. At the October 2006 health and disability sector NGO–Ministry of Health forum the minister acknowledged that contracting is one of the major challenges facing NGOs, and, as one step in addressing this, an NGO perspective has been added to the ministry's staff training on contracts (Hodgson, 2006).

The current Ministry of Health contract document emphasises 'relationship principles', including integrity, open communication and valuing people (Ministry of Health, undated, p.3). An example of this came in a recent 'relationship building briefing' from a Ministry of Health contract manager to an NGO board hoping

to develop services for its members through ministry contracts. He explained that contract managers are looking for indicators such as quality information, an involvement with and focus on Maori and Pacific peoples, and robust governance-management systems in the NGO itself, with clarity about who speaks for the organisation in its relationship with the ministry. If the NGO did not have the expertise in a particular area, such as Maori (a ministry priority), a lead agency partnership based on memoranda of understanding was one option. The ministry, however, would have to be assured that all parties met the contractual requirements. This simple initiative, aimed at helping the NGO to get it right at the beginning of the process, shows what a difference relationship building can make. Many of the current problems have arisen because, under the agency theory basis of contractualism, these skills have been neither valued nor encouraged.

The Ministry of Social Development (2006) has recently undertaken an action research project entitled 'Funding for Outcomes – Integrated Contracts', which aims to integrate an organisation's various contracts in order to reduce compliance and transaction costs and provide more effective targeting of resources. One of its attractions is that it is a 'kitset' of contract elements rather than a 'one size fits all' model.

The Disability Services Directorate of the Ministry of Health is also looking at options to enhance accountability and transparency, and achieve more stability, security and power for vulnerable service users. Some sort of person-centred and pooled funding, and more emphasis on outcomes such as wellbeing in the home, rather than the purchasing of outputs (in which housework may be included, but not shopping), are possibilities. There is some interest in the Western Australian local area coordination system, whereby a local coordinator (not a service provider) works with people and their families to plan, select and receive services. This embodies the networking advocated by Glouberman and others. The monopsonistic position of the New Zealand public sector is one reason why the market model has not worked. For example, the Disability Services Directorate of the Ministry of Health is the sole purchaser of many disability services. The Office of Disability Issues (part of the Ministry of Social Development) is reviewing the New Zealand situation through the perspective of the New Zealand Disability

Strategy, and has uncovered similar concerns around the fragmentation of the current contracting system.

NGO suggestions

Glensor (2006) provided another practical example at the April 2006 NGO–Ministry of Health forum, suggesting a model that is based on outcomes and relationships, requires no lawyers, and places greater emphasis on the personal accountability of the people involved. He described a 1998 situation in which a large public health grant was given by the minister of health to Health Care Aotearoa, which then invited groups to apply for this funding when they were ready. Applicants were tested against some mutually agreed criteria, without competitive tendering. Each proposal was tested by a group of members who had personal experience in the area. In this way they addressed the problem of inappropriate services, and in the absence of competition they addressed the predominant low-trust, often adversarial, agency model. The process also accommodated different kaupapa, as those wanting to provide a service proposed one appropriate to the needs of their local population. In these days of the New Zealand Disability Strategy, the New Zealand Health Strategy, the Maori Health Strategy and the various other strategies emphasising outcomes rather than outputs, a much greater flexibility around kaupapa is required.

At the October 2006 NGO–Ministry of Health forum questions were raised about whether 'not for profit' organisations should have fewer compliance requirements than 'for profit' organisations. Some expressed concern at the profit making of organisations, while others complained that contracts provide insufficient money to pay workers properly and fulfil compliance requirements at the same time. There are still concerns that a great deal of administration time is spent on 'request for proposals' (i.e. contract bid) preparation, delivery and evaluation, at the expense of the provision of services to members.

Charities Act

There is currently another element in this mix which is causing concern over contract compliance in the community and voluntary sector, and in the media: the legal requirements of the 2005 Charities Act. Voluntary registration of charitable organisations with

the new Charities Commission set up as a result of the act begins in February 2007. As this is an untried process, many NGOs are unsure how this will affect their charitable status and integrity as contract holders. Some appear to have centralised their administration structures, while others have strengthened their regions. The Charities Commission has a potentially significant role in clarifying and resolving issues around contracting in this sector.

Conclusions

The contracting-out of goods and services has now been a central feature of the New Zealand governmental system for almost two decades, and is well entrenched. But it is not working well in many situations, possibly because the processes and goals are not clearly understood by some funders and providers. It appears from various government statements that New Zealand policy is currently in a transition between the principles of agency theory and stewardship theory, but is still confused by continuing legal requirements for contestability.

So what are the keys to successful contracting? If NGOs, the government and government agencies are working together towards the agreed policy outcome of a healthy, inclusive and interdependent society, contracting should be a straightforward and understandable part of the process, not something separate and legally obscure. The key is building good relationships throughout the sector – between the funders, providers and service users and within all the organisations involved – based on common sense, good faith and accountability. It also involves having robust governance-management systems, and knowing what the differing responsibilities are; using the same language; keeping good records; understanding what is required and doing it; dealing with problems early rather than letting them fester; keeping to a timeframe; and constantly reviewing, reflecting, learning and improving.

There are many examples of good practice on an individual and agency level. Practices can also be borrowed from other government agencies, such as the publicly accessible audits of the Education Review Office. More provision for input from service users would be valuable in performance appraisal and evaluation. Respectful mutual communication would also help.

Contracting can be complex, and problems can seem intractable when parties are stuck. But contracts do not have to be so difficult. Even children can understand the basics of contracting, when they enter into an agreement with their parents, such as with a star chart. Successful star chart contracting would involve the basic Treasury guidelines in a form that even a child can understand.

Other aspects of contracting also require work, such as taxation reform to encourage philanthropy, or the need for agreed guidelines around lobbying and advocacy. Both are currently under policy review. Developing public agreement on shared values such as generosity, trust, flexibility, diversity and empowerment would enhance the contracting environment. However, if more emphasis is placed collectively on building and successfully managing relationships, then almost anything is possible.

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Positive Ageing – A Critical Analysis

Judith Davey and Kathy Glasgow

Introduction

Throughout the world governments are beginning to respond to the challenges of population ageing, often in rhetoric implying that ageing will bring about a 'crisis'. These responses generally centre on the fiscal implications of retirement income support and health care services (OECD, 1998). The OECD notes the need for a broad and holistic approach to ageing, reflecting the interdependence of policies, but this can be a daunting prospect. The New Zealand government has taken up this challenge through its Positive Ageing Strategy (PAS) and is not alone in this; there have been similar initiatives in other countries. In examining these policy documents it is clear that there are common underlying values. This paper critically examines PAS, and makes comparisons between it and strategies on ageing from Australia and the United Kingdom. The paper argues that the three strategies reflect a positive discourse on ageing that has implications for both current and future generations of older people.

The New Zealand Positive Ageing Strategy – policy context and antecedents

PAS was one of a number of interlinked strategies developed after 1999 by the Labour government, which included the Health of Older People Strategy (Ministry of Health, 2002), the Disability Strategy (Ministry of Health, 2001), the Transport Strategy (Ministry of Transport, 2002) and the Housing Strategy (Housing New Zealand Corporation, 2005).

These policy statements were influenced by trends in social/public policy thinking which have resonated through the developed world in recent decades. In the 1990s beliefs about the welfare state were strenuously challenged (Davey, 2000). The term 'welfare' became linked to dependency and family dysfunction, whereas 'wellbeing', the desired state, implied capability, self-reliance and positive contributions to society. A centre-right National Party government in New Zealand strongly espoused these ideologies, which culminated in a proposal to devise a Code of Social and Family Responsibility (Davey, 2000).

At the same time, increasing attention on population ageing placed older people in the spotlight as major beneficiaries of public expenditure. In the late 1990s the OECD published a series of reports which were influential in New Zealand and informed the development of PAS. *Maintaining Prosperity in an Ageing Society* (OECD, 1998) delivered strong messages about the fiscal impacts of pensions and health spending, advocating the discouragement of early retirement and increasing the capacity of older people to remain economically productive. This was followed by *Reforms for an Ageing Society* (OECD, 2000), with information from member countries on population ageing and their policy responses.

By 1996 'positive ageing' had been embraced in New Zealand as a concept (Senior Citizens Unit, 1996; Prime Ministerial Taskforce on Positive Ageing, 1997). Increased participation of older people in society was a policy goal (Department of Social Welfare, 1996) and the benefits of continued productivity in older age were being promoted (Senior Citizens Unit, 1996).

Since 1999 the Labour government's approach to social policy has been guided by the Social Development Approach (SDA) (Ministry of Social Development, 2001a). Although the SDA was still under development when PAS was published, the documents share an emphasis on collective action by the state as well as by individuals and the community to reduce social exclusion, with a focus on mutual responsibility. The influence of the SDA is acknowledged in the 2001 PAS Status Report (Ministry of Social Development, 2001b).

The SDA and PAS envisage a pathway from social exclusion to wellbeing and participation, in contrast to the previous government's welfare dependence to self-reliance pathway. Nevertheless, an emphasis on participation, wellbeing, self-reliance and responsibility survived the policy shift from National to Labour, as did a cross-sectorial approach, and these concepts underlie PAS.

These concepts are also replicated in overseas policy statements, developed as a response to population ageing. The next section considers the similarities between PAS and two comparators, and explores the view of ageing that is being promoted.

The New Zealand Positive Ageing Strategy and two comparators

Several underlying themes can be identified in analysing the PAS statement, encapsulating its core values:

- fostering a positive view of ageing;

- promoting attitudes which respect and value older people;

- recognising and supporting older people's participation and contribution;

- valuing self-reliance, independence, individual responsibility;

- acknowledging diversity among the older population.

Table 1, using direct quotations, shows how the first four themes identified in PAS are reflected in the *National Strategy for an Ageing Australia* (Andrews, 2002) and the United Kingdom's *Opportunity Age – meeting the challenges of ageing in the 21st century* (HM Government, 2005). These comparators were selected as providing similarly wide-ranging views of the policy implications of population ageing and a shared emphasis on the need for engagement and action from all sectors of the community, including business, community organisations and individuals, as well as government.

Fostering a positive view of ageing

All three documents adopt a positive tone when discussing ageing (Table 1). PAS acknowledges that the growth in the older population will provide New Zealand with a 'valuable resource' with 'significant

policy implications' and 'many opportunities' (Dalziel, 2001, p.9). *Ageing Australia* describes an increase in the proportion of older people as 'an enormous positive' (Andrews, 2002, p.vii), while the UK's *Opportunity Age* seeks a 'new view' of ageing as an 'extension of opportunities for individuals and society' (HM Government, 2005, p.3).

The 'positive ageing discourse' challenges assumptions about older age as a period of inevitable decline and focuses on the modifiable effects of lifestyle, attitude, skills and technologies. The approach aligns with the rejection of the 'disengagement' theory of ageing, which suggests that adjustment to old age is best achieved through a mutual withdrawal between the individual and society (Cumming and Henry, 1961). Instead, the strategies support the alternative 'activity' theory of ageing. This emphasises the need to remain actively engaged in society in order to adapt successfully to older age (Havighurst and Albrecht, 1953).

Underlying the strategies' positive view of ageing are concepts of 'healthy', 'successful', 'positive', 'active' and 'productive ageing', which have emerged in recent decades. Healthy ageing was promoted by the World Health Organisation as early as 1980, with a focus on the potential to overcome the 'problems' of older age through medical advances. An emphasis on 'active and productive' ageing followed, amidst an increasing focus on the economic implications of population ageing (Bass, Caro and Chen, 1993). 'Productive ageing' sees older people as a resource and emphasises the importance of their ongoing participation in society (OECD, 1998). 'Active ageing', promoted by the United Nations in 1999, suggests that stereotyping of older people as frail and dependent will be challenged as active older people became more visible and better integrated into society. Concepts of 'successful' and 'positive' ageing emphasise physical, intellectual, emotional and spiritual wellbeing, consider psychological adjustment and autonomy, and often incorporate a focus on the rights of older people (Rowe and Kahn, 1987; Baltes and Baltes, 1990).

Nowhere, however, is positive ageing defined in PAS, beyond a statement that the concept embraces 'a number of factors, including health, financial security, independence, self-fulfilment, community attitudes, personal safety and security, and the physical environment' (Dalziel, 2001, p.9). That the years of 'older age' should be viewed and experienced positively is stated as an 'underpinning

Table 1: Policy strategies for an ageing society – underlying themes

Themes	*New Zealand Positive Ageing Strategy*	*National Strategy for an Ageing Australia*	*Opportunity Age (UK)*
Fostering a positive view of ageing	Positive attitudes to ageing and expectations of continuing productivity challenge the notion of older age as a time of retirement and withdrawal from society. (p.9)	Together we can ensure that the ageing of our population is a positive experience. (p.v).	An older Britain is something to celebrate not fear. (p.3)
Promoting attitudes which respect and value older people	Older people are important members of society and have the right to be afforded dignity in their senior years. (p.9) Goal 8 – People of all ages have positive attitudes to ageing and older people. (p.22)	Positive and informed attitudes to and by older Australians are fundamental to an ageing nation. (p.x) A touchstone of a civilised society is that it values and provides support for older people … and respects their right to dignity. (p.8)	Older people … have the right not to be discriminated against. We will take steps to ensure that older people are able to maximise their potential, unhindered by prejudice. (p.31)
Recognising and supporting older people's participation and contribution	The choice to work in later life is important in meeting the challenge of positive ageing. (p.10) Flexible employment practices [will] support older people in the workforce. (p.13)	Ongoing engagement of mature age workers will be important to achieve sustained economic growth as the population ages. (p.x)	We must explode the myth that ageing is a barrier to positive contribution to the economy and society, through work and through active engagement in the community. (p.v)

premise' of positive ageing. It is claimed that 'the benefits of positive ageing for individuals are obvious: good health, independence, intellectual stimulation, self-fulfilment and friendship are just some of the valued outcomes' (Dalziel, 2001, p.11).

The positive discourse on ageing apparent in all three strategies has been criticised for its emphasis on economic activity and for presenting an overly optimistic view of older age. The concepts of 'active' or 'productive ageing' have been seen as serving the needs of dominant societal institutions and structures, especially the drive for economic growth (McFee and Rowley, 1996). These concerns will be considered in later sections of this paper.

Promoting attitudes which respect and value older people

Positive ageing, according to PAS, requires society to address ageist attitudes, to value older people, to award them respect and dignity and to acknowledge their contributions. These sentiments are echoed in the Australian and UK strategies, which suggest a variety of ways in which this can be done. PAS Goal 8 (see Table 1) is accompanied by actions to ensure that government agency advertising and publicity campaigns portray positive images of older people; to promote intergenerational programmes in schools and communities; and to foster collaborative relationships between central and local government, business, and non-government

and community sectors.[1] *Opportunity Age* seeks more involvement by older people in local decision making (HM Government, 2005, p.74) and the establishment of a Commission for Equality and Human Rights, with powers to tackle ageism (HM Government, 2005, p.19). The Australian strategy calls on governments, business, the media and communities to promote and support more positive images and attitudes to ageing and older people (Andrews, 2002, p.34).

Recognising and supporting older people's participation and contribution

The PAS 'vision' calls for opportunities for older people to participate and contribute 'in the ways that they choose'. However, the goals link such opportunities to paid work (economic activity) or community contribution (volunteering), with the emphasis on the former (Table 1). The economic tone of PAS continues, as older people are described as a 'valuable resource'. However, full participation may be prevented by lack of access to resources and facilities (indicating a need to scrutinise policy) or by ageist attitudes (requiring a change in society). Limitations based on ill-health or frailty are not mentioned.

The emphasis on continuing economic contribution in the form of paid work links to OECD calls for 'productive ageing'. It is developed much more explicitly in the UK and Australian documents, both of which devote whole chapters to increasing workforce participation in mid and later life.

All three strategies discourage early retirement. Compared to the UK and Australia, New Zealand has few incentives to early retirement. An increase in the age of eligibility for New Zealand Superannuation during the 1990s promoted much higher labour force participation in the 60-plus age group.[2] In contrast, retirement on contributory pensions is common in the UK before state pension age, and in Australia many pension funds have been accessible at age 55.

Access to training and educational opportunities are closely linked with efforts to prolong workforce opportunities. In contrast to the Australian and UK strategies, educational opportunities for older people do not figure prominently in PAS. Under Goal 10 – Increasing opportunities for personal growth and community participation – the specified action is a somewhat vague call to 'improve opportunities for education for all'.

The OECD itself and many government statements advocate 'sticks' in the form of fiscal disincentives to retirement and reductions in pension benefits. More positive approaches include phased retirement and flexible working conditions (Yeatts, Folts and Knapp, 2000). Such initiatives are not highly prominent in any of the strategies, even though PAS includes Goal 9 – Elimination of ageism and promotion of flexible work options. The action advocated relates to the implementation of human resource policies that support employment of older workers, but refers only to the public sector.

Valuing self-reliance, independence, individual responsibility

Consistent with the model of the OECD's 'active society' and the 'active citizen' (Walters, 1997; Davey, 2002), all three documents make reference to self-reliance and independence among older people, linking with the concept of individual responsibility (Table 1). *Opportunity Age* explicitly adopts 'Active Ageing' as the topic of one of its three substantive chapters. Older people are called upon to maintain independence and control 'even if constrained by health problems'.

The Australian national strategy also implies that older people must exhibit individual responsibility, take up training and employment opportunities, and keep themselves healthy (Andrews, 2002, p.40). The onus is on people not only to contribute and to be economically active, but to finance their own retirement and to live healthy lives (hence reducing concerns about the affordability of pension and health care provision in the future). The responsibilities are summarised in PAS: 'Effective policies on positive ageing will … enable older people to take responsibility for their personal growth and development through changing circumstances' (Dalziel, 2001, p.17).

Responsibility is not, however, seen as purely one-way. Individual responsibility is to be balanced by supportive action by the state, implying shared responsibility and reciprocity. The three strategies call for action from all sectors of society – central government, local government, business and community organisations – as well as individuals.

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1 A recent initiative in this area was a photographic competition, in collaboration with Age Concern New Zealand, in which young people sought to capture positive images of ageing and older people.

2 Between 1991 and 2004, rates for the 60–64 age group rose from 35% to 66% for men and from 17% to 45% for women (Household Labour Force Survey, Statistics New Zealand).

Acknowledging diversity among the older population

A fifth theme features in the PAS principles: acknowledging diversity among the older population. This calls for affirmation of the values and capacities of older Maori and Pacific people specifically, but also of people with other cultural identities. The principles also acknowledge different issues facing older men and older women, and older people in urban and in rural areas. The approach is encapsulated in the principle, 'Recognise the diversity of older people and ageing as a normal part of the lifecycle' (Dalziel, 2001, p.16). Differences based on ethnicity, gender and location are not given as high a profile in the UK and Australian documents. The former acknowledges that black and minority ethnic elders (BME groups) may have difficulty in accessing services and benefits, and there is a short section under 'services that promote wellbeing and independence' on tackling rural exclusion (HM Government, 2005, p.62). Australia's national strategy principles call for services appropriate to diverse needs (Andrews, 2002, p.2), but there are only passing references to ethnicity, in the discussion of demographic change.

A critical view of strategies on ageing – now and in the future

All three strategies promote active and productive ageing and support the concept of positive ageing, with an emphasis on improving wellbeing and promoting positive attitudes to ageing. The strategies promote the value of older people's contributions and seek increased participation, promoting the benefits for both individuals and society.

The healthy/active/positive ageing discourse promoted in the three strategies has been criticised for failing to acknowledge the range of realities of later life. By placing a high value on independence and activity, the strategies tend to underplay the experience of people who suffer frailty and dependence in later life. Critics argue that the positive ageing discourse fails to acknowledge the significance of later life, thereby allowing society to avoid thinking about and creating a respected place for the oldest in society (Moody, 1988; Phillipson, 1998; Katz, 1999; Opie, 1999). Furthermore, the positive ageing discourse portrays older people as able to counteract the effects of ageing through personal effort, thus identifying individuals as being responsible for their fate. Policy strategies that over-emphasise independence, self-reliance and individual responsibility may do so to the detriment of cooperation, reciprocity and interdependence.

The underlying activity theory emphasises the benefits of maintaining the level and pattern of activity of middle age for as long as possible, but has been accused of assuming a simplistic relationship between activity and life satisfaction. For activity to enhance life satisfaction, certain conditions need to be met, including that activities are freely chosen and matched to capabilities. Policy and planning will need to ensure opportunities for involvement in a wide range of activities. Critics seek an increased emphasis on gender, ethnic and socio-economic constraints and a greater examination of the meaning and the role of old age.

The positive discourse on ageing presents an image of active and healthy older age that for some may not be achievable. It reduces the visibility of old age and risks enhancing a negative view of dependency and frailty. Over-promotion of the positive image may result in insufficient attention being given to the needs of the frail old in policy and planning and increased denial of ageing amongst individuals. As a consequence, individuals may not prepare adequately for increasing dependency and may find it harder to adapt.

The productive ageing approach has also been criticised for an emphasis on economic activity that fails to incorporate notions such as work/life balance and does not acknowledge the societal benefits of recreational, creative and spiritual pursuits. While reference is made to the variety of ways that older people contribute, the three strategies emphasise the value of ongoing workforce participation and pay minimal attention to non-economic activities. The overall emphasis on workforce participation detracts from a holistic approach to wellbeing and reduces the visibility of those who by choice or circumstance are no longer active workers or volunteers. This approach may increase, rather than reduce, the risk of social exclusion amongst older people who are 'economically inactive'.

Will PAS and its comparators meet the needs of oncoming generations of older people? As notions of retirement change and boundaries between middle and old age become blurred, the 'new old', the ageing baby boomers, face uncertainty. They have grown

up during a period of wide-ranging technological, economic and social change. These changes have both positive and negative impacts on the ability to remain active and independent in older age, on the nature of participation and contribution, and on family support networks. While boomers are more educated than their parents, a significant proportion of them have experienced economic recession and unemployment, with consequential effects on skills development and ability to save for retirement. A less predictable life course may mean that financial arrangements in older age are less secure and there may be more inequality in material living standards among older people, especially if fiscal pressures threaten state retirement income support. Where policies place a high value on self-reliance, how will they treat people who can no longer be economically independent?

The ability of PAS and similar strategies to respond to change, such as the movement of baby boomers into later life, and to growing diversity among the older population will be limited unless they remain dynamic, realistic and relevant. Ongoing monitoring, regular review and comprehensive evaluation of the strategies will be beneficial. Policy will need to be flexible to meet the needs of changing families, and anticipatory, bearing in mind the needs of both dependent and independent within current and future cohorts.

Conclusion

Prevailing models of social policy, beliefs about the role of the state and the responsibilities of its citizens, and about the role and value of older people in society have influenced and shaped the three strategies examined in this paper. Their rhetoric of positive or active ageing requires ongoing participation in productive activity, with a particular emphasis on extending labour force involvement. It encourages individuals to accept responsibility for maintenance of health and economic activity so that older individuals may remain independent, thereby reducing the demand on health and social services.

Those who are ageing in good health and are engaged in productive activities may benefit from increased opportunities if the strategies achieve their objectives. But the approach is problematic for those who are not, or who can no longer be, self-reliant and independent. Those who make demands on health and welfare services may be stigmatised and blamed for not making

sufficient preparation or taking due responsibility for their health and wellbeing. The strategies therefore provide an opportunity to improve the situation of older people in society by drawing attention to the negative effects of age discrimination and exclusion from opportunities to participate. However, some aspects of the underlying concepts of active, productive and positive ageing remain questionable. Without a broadening of these concepts there is a risk that the frail old may be further marginalised. It may be only the active old who benefit.
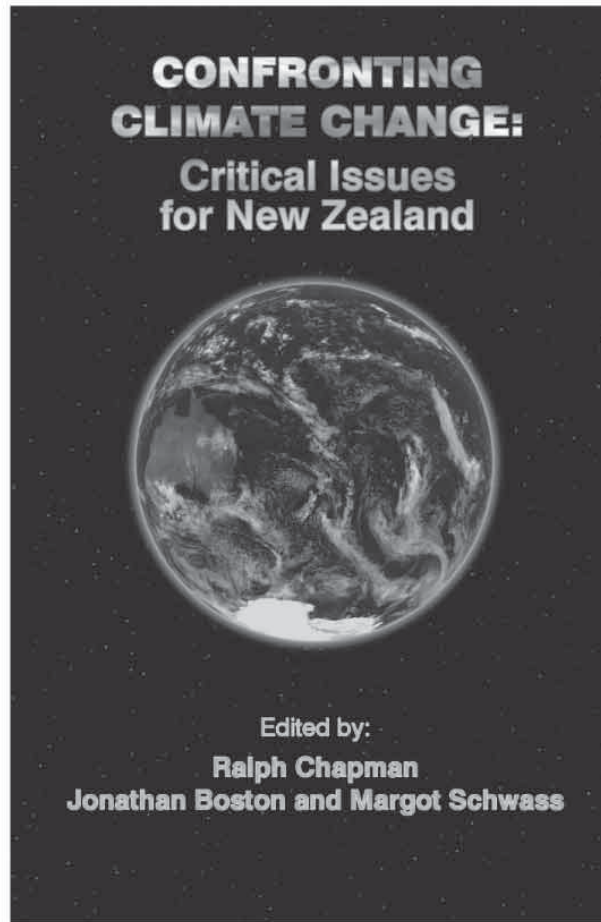
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CONFRONTING
CLIMATE CHANGE:
Critical Issues
for New Zealand

Edited by:

Ralph Chapman
Jonathan Boston and Margot Schwass

The debate on the science is over. Climate change is real; it is happening even faster than previously thought and it is powerfully influenced by human activities. As events like Hurricane Katrina, the shrinking of ice-caps and the calamitous 2003 European heatwave remind us, climate change is not a future threat: it already profoundly affects the world we live in.

Scientific evidence shows that dangerous climate change can only be averted through concerted global action – not in 30 years' time, but over the coming decade. Bold policies, informed public debate and decisive political leadership are critical, yet many countries – New Zealand among them – have been slow to act.

With contributions by more than 30 leading scientists and policy experts, from New Zealand and elsewhere, this book will increase public understanding about climate change and help to develop robust, effective policies. It presents the latest scientific evidence, examines the likely impacts of climate change on New Zealand and the Pacific, and outlines a range of policy solutions. It is based on a major Climate Change and Governance Conference held in Wellington in March 2006.

The overwhelming message is one of urgency, but also optimism: it is not too late to make a difference.

> I do not want it on the conscience certainly of me or people of my generation that we were told what this problem was in the early part of the 21st century, did nothing about it, and then my children and their children end up having to deal with the consequences.
>
> British Prime Minister Tony Blair

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Child Protection and Interagency Collaboration

Ann Walker

Introduction

Improving interagency collaboration can be regarded as one of the most important public management challenges for governments in the 21st century, in New Zealand and in other countries (Walker, 2004a; 2004b). Since the election of a Labour-led government in New Zealand in 1999, a second wave of state sector reforms has been introduced. At the heart of these reforms is the desire by the government to adopt new ways of working – in partnerships with communities, and in a joined-up way across government sectors. Such approaches have been heralded as a panacea for the endemic fragmentation and 'siloisation' that is attributed to the first wave of state sector reforms started in the mid-1980s. The underlying philosophy of these 'new' approaches to policy development and implementation seems commonsensical. Yet although they are theoretically appealing, in practice they have to confront many problems, including a public administration system that can impede rather than facilitate interagency collaboration. Ambiguity over what these 'new' approaches mean in practical terms adds to the confusion.[1] This article looks at the Strengthening Families Strategy as a case study of interagency collaboration in the field of child welfare and protection.

The Strengthening Families Strategy

The Strengthening Families Strategy is a programme led by the ministries of Health, Education, Social Development and Justice which attempts to create a collaborative network of agencies from both the government and the community and voluntary sector to work with at-risk children, young people and families experiencing multiple problems. The Strengthening Families Strategy was developed out of concern about fragmentation of services between the welfare, health and education sectors, and the breakdown in the habits and practices of interagency collaboration since the mid-1980s. It emerged from the Welfare to Well-Being initiative implemented by the then Department of Social Welfare in 1993. Strengthening Families grew out of concern about families experiencing intergenerational disadvantage and their lack of access to services. The Strengthening Families case management model was first piloted in 1996, and by 1999 it had been rolled out across the whole country.

Underpinning the Strengthening Families initiative are local management groups (LMGs), which comprise service delivery and purchasing managers from a range of government agencies which have involvement with families with complex needs. In addition, representatives from local government, iwi, not-for-profit social sector organisations and safer community councils are often represented on LMGs. In 2005 there were 70 LMGs throughout New Zealand. At the LMG level, one of the aims of Strengthening Families is to identify gaps and overlaps in services, and to initiate joint policies and programmes across the sectors.

Under the Strengthening Families initiative, the day-to-day coordination of case management for families is usually undertaken by Strengthening Families local coordinators. Employed by government agencies or community groups on behalf of the LMGs, the

1   This article is derived from the author's recently submitted doctoral thesis, 'The Strengthening Families Strategy: an enduring model of interagency collaboration in an era of change', on interagency collaboration between government and community agencies, using the Strengthening Families initiative as a case study. The case study fieldwork, carried out in 2004–05, involved analysing 58 completed surveys and conducting 22 in-depth interviews. Research respondents included government and community and voluntary sector agency staff from national office and local management levels, and staff directly involved in service provision at the local level. The Strengthening Families case management model of interagency collaboration has been shown to be effective in enabling agencies to work together to provide a range of wraparound services for families with multiple needs.

coordinators' work includes promoting Strengthening Families in the community, liaising between the family and agencies during the case management process, assisting with the training of facilitators or carrying out the facilitation work themselves, and reporting back to the LMG. As at 2005 there were 56 Strengthening Families local coordinators around New Zealand, of whom 23 were employed by government agencies and the rest, with the exception of six, employed by community organisations. In six areas Family and Community Services (part of the Ministry of Social Development) contracts community organisations to deliver coordinated services rather than employing a person in the role of local coordinator (Ministry of Social Development, 2005, p.23).

Fundamental to the Strengthening Families initiative is collaborative case management at the service delivery level. Collaborative case management is a process that is expected to occur when more than one agency is, or should be, involved with a child or young person and their family because there has been an escalation of concern about and/or problems for the family members, and agency workers feel that the family will have better outcomes if the agencies work together. While agency workers will often coordinate services, Strengthening Families collaborative case management formalises a process through which agencies can work together to provide a more coordinated service. One exploratory study found that the number of people at the initial Strengthening Families case management meeting ranged from five to 12, with an average of between eight and ten agency representatives attending (Oliver and Graham, 2001, p.24).

At a Strengthening Families case management meeting, all the invited agencies and members of the client's family will be present. The family must agree to the collaborative case management process, and family members are able to have a say in which agencies are to be involved. The meeting involves a discussion of issues concerning the family; the formulation of a plan of action, including goal setting through consensus; the allocation of tasks and completion dates; and the setting of a date for a review of progress. The plan provides a formalised agreement which all parties can refer back to. Ideally, over time the goals of the case plan are worked on and reviewed until completion of goals has been reached and the case is concluded. Review meetings

can take place anywhere from between one and three months after the initial Strengthening Families case management meeting (Oliver and Graham, 2001, p.30). At the case management meeting a lead agency is appointed to take on a coordinating role for the case and become the main contact point for the family and the agencies involved.[2]

Interagency cooperation, coordination and collaboration

The public sector reforms in New Zealand carried out from the mid-1980s and continued into the 1990s were dramatic and far-reaching in their scope. While some significant gains were made in terms of improving the effectiveness and efficiency of government processes and structures, this came at a cost. A number of reviews of the public sector and the interface between government and community agencies have blamed the current problems associated with structural fragmentation on the state sector restructuring of that era and the implementation of the new public management reforms (Community and Voluntary Sector Working Party, 2001; State Services Commission, 2001). During this period there was an increased emphasis on vertical accountability and an overriding focus on departments achieving outputs, often at the cost of outcomes. The welfare sector, and particularly the area of child protection, have come increasingly under the spotlight as epitomising the endemic problems of fragmentation. Since 2000 the Office of the Commissioner for Children (2000; 2003; 2006) has published three investigative reports which found that in every case the lack of effective communication and coordination between agencies compromised children's safety.

According to the then minister of state services, Trevor Mallard, the second wave of state sector reforms, initiated by the current, Labour-led government elected in 1999, is characterised by the government's concern for 'cohesiveness, consistency, constructive relationships and shared values across all parts of government' (Mallard, 2003). One of the five current development goals of the State Services Commission is to improve the coordination of state services to 'ensure the total contribution of government agencies is greater than

2   For more information on the Strengthening Families Strategy, and related programmes Family Start and Social Workers in Schools, see http://www.strengtheningfamilies.govt.nz/.

the sum of its parts'.[3] It is hoped that results of recent initiatives in this area will be evident by June 2007 through the Managing for Outcomes project, and by June 2010 from the joint pursuit of joint outcomes.

Cognisant of calls for a more pluralist approach to policy, the current government is increasingly adopting 'governance' mechanisms which reflect a shift of emphasis towards more inclusive, cross-sectoral and joined-up ways of working through networks, joint ventures, coalitions and partnerships between a range of public, private, and community and voluntary sector organisations. It is hoped that this move to new ways of working will potentially affect the ways that government operates by realigning government departments away from traditional silos of sector service delivery and into new alignments and strategic ways of working together with other key stakeholders,[4] focusing on cross-cutting issues. These new forms of joined-up, inclusive working are idealised as relationships of collaboration, trust and, above all, partnership.

The State Services Commission considers, however, that to support such a high level of interagency collaboration across the sectors 'government at the centre will need to address organisational attitudes and values' and 'foster an ethos of collaboration and define it as part of their core business' (State Services Commission, 2003, p.19).

While the government uses terms like 'joined-up government', 'collaboration' and 'partnerships' liberally in policy documents, ministerial speeches and so on, there is little consensus among key stakeholders about what they actually mean, especially in practical terms. The fact that government policy requires agencies to collaborate is no guarantee that they will do so. There are many subtle and sometimes not so subtle ways in which collaboration can be undermined if the reasons for collaboration are unclear, the perceived costs of collaborating outweigh the perceived benefits, or there are insufficient resources to support agencies working together. In addition, what is referred to as collaboration is often no more than agencies simply cooperating or coordinating in a marginal way.

The terms 'coordination', 'cooperation' and 'collaboration', while used interchangeably, can mean quite different things in terms of working arrangements and relationships between parties. The term 'coordination' refers to formal, institutionalised
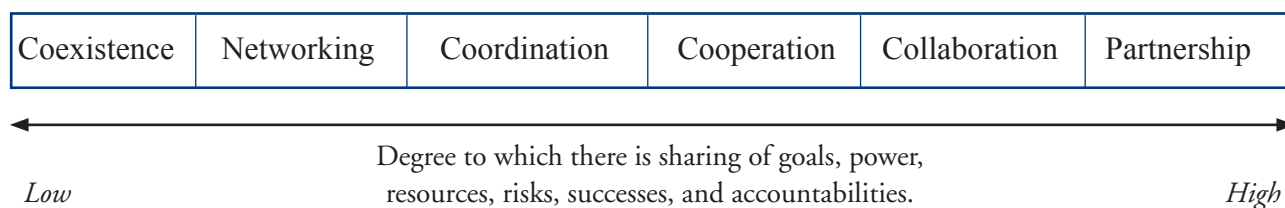
relationships among existing networks of organisations. More specifically, coordination is described as 'the extent to which organisations attempt to ensure that their activities take into account those of other organisations' (Hall et al., 1977, p.459). In contrast, cooperation is seen as 'characterized by informal trade-offs and by attempts to establish reciprocity in the absence of rules' (Mulford and Rogers, 1982, p.13).

The terms 'cooperation' and 'coordination' refer to static patterns of interorganisational relations, whereas collaboration is seen as essentially an emergent process. Central to the notion of collaboration is the concept of shared power, responsibility and accountability. Stakeholders in collaboration share (although not equally) the power to define a problem and initiate action to solve it, with all stakeholders having some responsibility for the outcome. Having said this, both cooperation and coordination normally occur as part of the process of collaborating, especially at the early stages. The process by which reciprocity and sharing of information is established informally in the absence of rules can be as important to collaboration as any formal coordination agreements. Gray (1989, p.11) describes how collaboration establishes a 'give and take' among the stakeholders that is designed to produce solutions that none of them working independently could achieve. She concludes, therefore, that interdependency among stakeholders is an important ingredient of collaboration. This interdependency means that often the risks for the individual agencies in collaborative networks can be high.

Partnership is not a phenomenon that can be wholly differentiated, conceptually or empirically, from other forms of collaboration and interorganisational working. Indeed, there are a number of different types of interagency working arrangements that may be referred to as partnerships. For the purposes of clarification, however, in this discussion to be deemed a partnership it is expected that at least two agents or agencies would be involved, with at least some common interests or interdependencies. It would also be expected that the relationship between them

3 State Services Commission, *Development Goals for the State Services*, http://www.ssc.govt.nz/display/document.asp?navid=242.

4 Stakeholders include all individuals, groups or organisations that are directly influenced or affected by the actions others take to respond to a particular policy issue.

Figure 1: A partnering continuum

Coexistence	Networking	Coordination	Cooperation	Collaboration	Partnership

Low — Degree to which there is sharing of goals, power, resources, risks, successes, and accountabilities. — *High*

(Adapted from Craig and Courtenay, 2004, p.12)

involves a degree of trust, equality or reciprocity, in contrast to a simple super/suberordinate structure of command or a straightforward market-style contract. Geddes and Benington (2001, p.3) consider that a partnership should also feature a common agenda and multi-dimensional action programme.

Craig and Courtney (2004, p.12) put coexistence and partnerships at opposite ends of a continuum of various levels of interagency integration, as shown in Figure 1 above.

Maintaining relationships between agencies in a cooperative network is less problematic than in partnerships. In a cooperative network, agencies tend to operate at arms length and continue to maintain their own status quo. If a cooperative network breaks down, the cost to the participating agencies is not so significant because they are still able to continue with their existing operations separately. In contrast, when difficulties arise in collaborative networks the costs and risks can be high, and the consequences far-reaching. This is because collaborative networks are usually formed only when there is acknowledgement by the parties that the particular complex problem or problems that have brought them together in the first place cannot be solved by one agency working in isolation, or by merely coordinating existing ways of operating by the various agencies. Inevitably, in a collaborative network agencies need to make major changes in their operations to accommodate other agencies' ways of working, and it may not always be easy for agencies to revert to original practices and yet still achieve their outcomes.

Rationale for interagency collaboration

The importance of interagency collaboration is nowhere more apparent that in the area of child protection. The complexity of issues facing 'at-risk' families,[5] and the consequent need for interagency or multidisciplinary

responses to both the identification of, and responses to, child abuse and neglect are now widely accepted. This is especially the case in New Zealand, which has a high child maltreatment death rate compared with other industrialised countries (UNICEF, 2003).

The need for statutory child protection services to engage with a range of family support and other non-government social services in meaningful collaborative arrangements is now widely accepted, and considered essential practice for social workers. Indeed, ensuring interagency/inter-professional cooperation and coordination has been a common theme in child abuse research for many years. In New Zealand, poor cooperation between professionals has been mentioned as a contributing factor in a number of child abuse inquiries. A damning report by the New Zealand Council of Christian Social Services (2006) on the coordination of family support services in the area of child care and protection in New Zealand suggests some of the long-standing administrative and structural problems of interagency collaboration still exist. They state: 'patch protection, lack of cooperation and tunnel vision of government agencies is as bad as ever and effective inter-sectoral services continue to fail due to lack of support' (New Zealand Council of Christian Social Services, 2006, p.5). These problems of lack of collaboration are not peculiar to New Zealand. In Australia, McPherson, Macnamara and Hemsworth (1997) say that the failure of different agencies to work

5 While child abuse and neglect can potentially occur in any family from any social strata, certain families are shown to be at high risk. In general terms, risk factors for child abuse and neglect can be identified at four related levels: individual, family, community and societal. Individual and family risk factors include low socio-economic status, low maternal age, single-parent family, unemployment, welfare reliance, parents' childhood experience of abuse, substance abuse and spousal/partner violence. At the community and societal level, risk factors include isolation or lack of social support, inadequate health care and community services, and cultural acceptance of violence (James, 2000, p.4; Ministry of Health, 1999, p.102).

together has been identified as a major problem in almost every inquiry into child abuse.

It is beyond question that uncoordinated and inadequate communication between agencies that come into contact with at-risk families can result in a failure to share vital information about the family's situation and the range of interrelated problems they are experiencing. As a consequence, decisions about the level of risk of child maltreatment are often made in a relative vacuum, resulting in poorly planned and ineffective interventions. It is essential to recognise, however, that failures of responsibility for children and judgement about their safety are not simply the failure of individuals within the system. They are also a reflection of problems within the systems that shape behaviour.

Barriers to interagency collaboration

A literature review of interagency collaboration in New Zealand and overseas, existing research and evaluations of the Strengthening Families initiative, and the Strengthening Families case study fieldwork enabled the identification of some common barriers encountered by both community and government agencies in working together. These barriers to interagency collaboration fell into six main categories:

1. structures and systems;

2. communication;

3. status and perceived power;

4. professional and organisational priorities;

5. the extent to which collaboration is perceived as mutually beneficial;

6. agency factors, such as professional/organisational and ethnic cultural differences, and differences in disciplinary backgrounds, ideologies and values held by agency workers.

The report of the advisory group on the review of the New Zealand state sector also refers to a range of structural, administrative and organisational barriers that make collaboration among government agencies difficult (State Services Commission, 2001). Some specific problems identified include the fragmentation of the state sector caused in part by the large number of agencies, each with different levels of delegation and differing regional boundaries, and large numbers of

portfolios and votes, making it difficult for agencies to agree on and actively pursue cross-cutting objectives and to provide integrated service delivery. In addition, the advisory group found that service delivery was not sufficiently valued, with the emphasis in the system on the top level and on policy advice instead of on the front line (State Services Commission, 2001, p.15).

Research carried out by the writer on Strengthening Families interagency collaboration found that many of the barriers to collaboration identified by the advisory group where also causing problems in the implementation of the Strengthening Families initiative. Particularly in the early days when Strengthening Families was first introduced, in 1986, differences in institutional structures and accountability requirements between the three main government agencies – welfare (Ministry of Social Development and Child, Youth and Family), health and education – made it difficult at times for agencies to work together towards common goals and objectives. In addition, constant restructuring of government agencies and high staff turnover, especially in key statutory agencies, also caused problems, with ambiguity over agency roles and responsibilities. Different geographic boundaries raised issues about aligning funding and services among agencies. Over time, however, there has been significant progress in breaking down some of these barriers, and embedding the Strengthening Families case management model across the country. Interviews conducted in 2004 with managers at the national office and the local management level found that there was a high degree of collaboration among managers, and that the benefits of this have flowed down to regional levels.

The Strengthening Families case management model brings together professionals from a range of philosophical and ideological backgrounds, which can make interagency collaboration particularly challenging, as different perspectives may result in conflict and lack of agreement about problem definition and appropriate responses for families. The Strengthening Families case study showed, however, that while agencies may have their differences, when they could maintain focus on a common goal or outcome, namely addressing the needs of families with complex problems, they were more motivated to work through any differences or misunderstandings they may have had.

Resourcing of the Strengthening Families initiative was an issue brought up by a number of respondents in the case study, and also examined in other reviews and evaluations of the initiative. No funding was allocated specifically for implementing the Strengthening Families Strategy in the early days. Instead, resources for the initiative had to be allocated from existing departmental budgets. One can only speculate on how differently the Strengthening Families initiative may have turned out had more resources been available both in the initial stages of implementation, and later on once it became more established. However, the overall consensus of respondents was that additional funding early on could have contributed to improved awareness of and utilisation of the case management model, and thus greater policy effectiveness. Interagency coordination and collaboration can be resource intensive, and so agencies involved in Strengthening Families needed to balance the costs of their involvement against the perceived and actual benefits for themselves and/or their clients in working collaboratively with other agencies. More importantly, additional funding for Strengthening Families would enable agencies to offer a wider range of services to families with multiple and complex needs.[6]

Factors for successful interagency collaboration

Through my case study research it has been possible to identify a number of factors that can be considered to facilitate interagency collaboration. Ongoing interaction between agencies, both in relation to Strengthening Families and through joint involvement of agencies in other cross-sectoral forums, were important for developing interagency relationships high in social capital. The benefits for agencies in being involved in a number of different cross-sectoral initiatives, in terms of building strong relationships and exchanging information, would seem to generally outweigh the costs, namely the extra commitment of time and resources involved.

The exchange of information between agencies, especially in relation to client families, is critical for developing effective wraparound service interventions. This exchange of information was more likely to happen where there was respect, trust, honesty and openness between the agencies. As noted by Child, Youth and Family (2006, p.35), in the area of child care and

protection, information exchange and issues related to confidentiality have been identified as potential barriers to collaboration. Agency reliability and competency were seen as very important by the majority of respondents. If an agency proved to be consistently unreliable and it became difficult for the other agencies to carry out their work, this would inevitably have a negative effect on that agency's reputation. Given the lack of formal means available for agencies to put pressure on other agencies to carry out actions agreed at case management meetings, informal means of sanctioning non-performing agencies, such as damage to reputation and exclusion, could be very effective.

The role of the Strengthening Families local coordinator was clearly pivotal in agency networks, where they effectively act as a lynchpin. However, it is the person rather than the position that determines the effectiveness of the Strengthening Families local coordinator. Where the local coordinator was seen as possessing the appropriate personality, skills and competencies for the position, they were more likely to gain the trust and respect of the agencies, and, if only measured in terms of the number of Strengthening Families case management meetings held in the area, they were likely to be assessed as very effective. If the local coordinator was not considered to be the right person for the job, then the utilisation of the Strengthening Families case management process was limited, as agencies either lacked confidence in the process to achieve better outcomes for families, or resorted to holding informal case management meetings outside Strengthening Families. Of course, any assessment of the efficacy of the local coordinator by other professionals is largely subjective, and reflective of the compatibility of their respective personalities and preferred ways of working

6   In the 2005 budget the Strengthening Families initiative received an extra $14 million for the next four years. Of this funding, $1 million was allocated for 2005, and $2.75 million in future years to compensate community organisations for carrying out the lead agency role, which they had not previously been funded for (Maharey, 2005). Funding was also earmarked for increasing the availability of local facilitators and coordinators, and for their training and support. According to the then social development and employment minister, Steve Maharey, this funding boost was provided because the review of the initiative 'showed that Strengthening Families is a good way to deliver services to families with multiple needs' (Maharey, 2005). Perhaps more to the point, and as acknowledged by the Ministry of Social Development, in 2005 the resource demands of collaboration were better understood compared to when the Strengthening Families initiative was first introduced. Consequently, by 2005 it was acknowledged that Strengthening Families case management had been under-funded (Ministry of Social Development, 2005).

as much as it is about the ability of the local coordinator to do their job.

According to respondents, generally there was a high level of trust between agencies at both the service delivery and the local management group level, and their involvement in Strengthening Families has been a contributing factor to this. A sense of goodwill among the agencies towards each other was also evident, as was the respect of the respondents for the professionalism of other agency workers. The overwhelming sense was that all agencies were committed to improving outcomes for their clients, and they saw working collaboratively with other agencies as the most practical way to achieve this. It was apparent that when problems arise between the agencies, whether it is in relation to organisational, ethnic cultural or professional/disciplinary differences, they will try to resolve these at an early stage so that outcomes for families will not be compromised.

As became clear through this research, however, with all the goodwill in the world on the part of the agencies, if a family is not willing to engage with them and in the process, then it becomes very difficult to achieve positive outcomes for the family members through the Strengthening Families case management process.

Evaluating interagency collaboration

Inevitably, interagency collaboration does not come about without some strategic planning and time and resource investment. To satisfy the needs of the various stakeholders who have a vested interest in the outcomes, it is important to be able to show that interagency collaboration such as through government and community partnerships can make a difference. There can be high transaction costs involved for agencies working in collaborative types of arrangements, and so they are likely to seek some reassurance of potential returns. Consequently, there is a need to regularly monitor the 'health' of networks and partnerships, both for the purposes of internal learning and also for external stakeholders, such as funders.

Network analysis methodology provides a means of evaluating the success or otherwise of collaborative arrangements such as partnerships (Kenis and Schneider, 1991). Network analysis is a diagnostic tool for monitoring and evaluating the relationships and links of network structures. It maps and measures (visually

and mathematically) the movement and growth of networked structures over time. In particular, network analysis can monitor and map:

- the size of the network – the number of partners involved within a specific network;
- the density of the network – the actual connections each partner has with other partners, and the flow of information and resources;
- the clustering of networks – the extent to which a network may have subgroups/cliques.

The key to effective performance in partnerships and networks does not have to focus solely on tasks, but rather on the ability to change existing structural arrangements (and relationships) and actively involve all key stakeholders in the process.

The outcomes that make a difference in network arrangements, therefore, are the ability to develop revised procedures, and to develop new relationships and new ways of working. The emphasis needs to be on integration among diverse members to work as a new whole. As a result, the traditional evaluation measures, such as tasks completed or clients served, are no longer sufficient. Instead, new measures that focus on both intangible results, such as changed values and attitudes and building trust, and tangible results, such as changes in existing structural arrangements, procedures and rules and regulations, will need to come to the fore.

Conclusion

Collaboration between government and community agencies is the key not only to improving the delivery of social services to at-risk families, but also to developing a network of knowledge and relationships among agencies and their clients which can be at the heart of strong families and communities.

What are now needed in public management are some tools to assess interagency collaborative networks and partnerships against some success factors. By using a mixed methodology or a triangulation of research methods, it is possible to understand why some networks form, what actors are involved, and how networks work. Process criteria, such as openness, reliability, reciprocity and legitimacy, can be included when evaluating interaction processes in networks, as well as the external effects of these processes. Thus, in

the network approach, the ex post judgement of actors about the process and the outcome, in combination with process criteria and concern for external effects, are used to determine the success or failure of policy processes. These are considered to be better indicators of success and failure than the ex ante formulated objectives of one actor.

Research has shown, for example, the importance of the role of the Strengthening Families local coordinator in local management and service delivery-level networks. It is suggested that the network analysis model developed for my research could be used in other policy arenas to identify key individuals who have the necessary skills, competencies, networks, authority and mana to act as 'champions' and leaders of new policy initiatives. Appointing such people could go a long way towards increasing the likelihood of successful policy outcomes, particularly in terms of gaining local buy-in and support for the initiative. Network analysis could also be used to identify service gaps and overlaps in regions, as well as to determine patterns of client referrals to other agencies.

For cooperation to work, members of the network must be aware of each other's resources, areas of expertise and willingness to complete specific tasks, as well as of their limitations. A lack of awareness of mutual dependencies, conflicts of interest, communication lines, interactions and risks are important explanations for the failure of concerted policy. As stated:

> From senior managers to frontline workers needing to work collaboratively to achieve outcomes, knowing the types of relationships people have with other agencies may assist in identifying where greater time could be spent improving existing relationships or making new ones. (Walker, 2004b, p.1)

While it is easy to assume that more coordination and cooperation will automatically lead to better and more efficient policy outcomes, collaboration can often be resource intensive, slow the whole process down, and actually inhibit the achievement of policy outcomes through interdependency. For some policy areas it is not appropriate or even desirable that many aspects of policy development take place in policy networks or partnerships.

Not all forms of cooperation are of equal benefit to all parties, nor are they always desirable from a wider perspective. Therefore, if agencies are going to invest time, energy and resources in collaborative efforts, they need some assurance that such investment will pay dividends. It is suggested here that in an evidence-informed policy environment, network analysis can be productively used to research relationships between individuals or agencies ex ante and ex post implementation of initiatives or programmes that aim to improve interagency collaboration, to determine whether or not they achieve their objectives. Network analysis could even become a regular feature of strategic planning by government agencies.

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Managing for Outcomes: Understanding Clients

Bill Ryan

Is 'managing for outcomes' (MFO) working? It is interesting that people are starting to ask the question, yet, as always, evaluative answers depend on the prescribed objectives and the time allowed for realising them. I'm not sure that the question can yet be answered, but it is possible to talk about some areas of recent learning.

In my view, the shift towards MFO is profoundly important, not just in New Zealand but also across public management and governing more generally in other parts of the world. If the 'new public management' reforms of the 1980s and 90s were primarily focused on improving the economy, efficiency and accountability (narrowly defined) of the state sector, the recent adoption of 'managing for outcomes' represents a desire to go to the next stage. It is not hard to see this as a long run process of collective learning. To use a metaphor, if the 1980s and 90s were about replacing a worn out machine or system and tuning up the new one, we then asked whether this flash new machine was taking us anywhere. By the end of the 20th century there seemed to be widespread agreement that significant gains had been made in relation to system improvement in New Zealand and elsewhere but that more – quite a bit more – needed to be done in relation to the broader issue of 'governing' (Schick, 1996; see also OECD, 2005). So, in New Zealand, we underwent the Review of the Centre (MAG, 2001), amongst other things, and subsequently acquired 'managing for outcomes'.

In adopting MFO, it can be argued that we have gone beyond an obsession with the means of governing – i.e. the public management system (something which particularly applied to New Zealand) – and are turning attention once again to the ends: i.e. the impacts and effects of public policy. In that respect, MFO in New Zealand attempts to preserve the best of managing for outputs, the strengths of the budgeting and financial management system created, whilst asking for – as Scott

(2001) suggests – 'delayed' questions about whether government policy goals and objectives are actually being achieved, presumably in some way better than in the past.

It is this (re)learning that is important: that management has no purpose beyond policy and that policy relies on management for effect. 'Managing for outcomes' asks whether state sector agencies are being managed in such a way that the changed states of national and local affairs desired by the duly elected government of the day, the goals and objectives specified in a welter of policies and strategies large and small, are actually emerging. The focus is increasingly on whether the state sector, as part of the executive and in partnership with the political arm, is acting effectively, appropriately and responsibly in governing the society, and much less the technicalities of its functioning, as was the case in the previous decades. In this sense, it is possible to see the period of 'new public management' as a 'first wave' of reform, the review of which (in New Zealand, the Schick report and the Review of the Centre) has set off a 'second wave' which is likely to take several years to reach a crest (Ryan, 2003a; SSC, 2003; see also OECD, 2002; 2005).

As this new concern with outcomes emerges, however, despite the reassuring words in the opening pages of the Review of the Centre report (MAG, 2001, e.g. pp.4, 14) it can also be argued that managing for outcomes is a reform agenda based on much more than mere tinkering. The more its logic is plumbed – in theory – anyway, the more it seems to demand significant modification of some fundamental aspects of prescribed and enacted practice: e.g. the minister–official–client relationship; networks not bureaucracies; engagement not disinterestedness; facilitation not command (Ryan, 2003b). In that respect, therefore, this second wave is likely to be highly recursive in character, with critical shifts in the constitutional, governance and management

frameworks within which state servants work and play (which are likely to coincide with and contribute to future debates around the formation of a republic).

This is partly why managing for outcomes is proving very difficult. Its logic can foreground certain constitutional tensions (e.g. The minister says this, we say that, the evidence is on our side – and the stakeholders agree – so, if we're supposed to be focusing on making a difference, what are we to do?'). It is also intellectually and politically challenging (e.g. 'It's hard and laborious defining our contributing outcomes and even more to attribute changes to our strategies'; 'Other agencies and stakeholders see things differently and it's hard to get consensus').

In truth, though, the full extent of the challenge is only just now being realised. One aspect of this relates to our understanding of societal change, of how it occurs, and the role in it that governments and policy might or might not play. I suggest that, in the theory of public management and public policy – and when I say 'theory' I include the applied theorising found in state sector plans and strategies – our understandings are at an early stage of development. The practice (tacit practice, enacted practice and embedded routines) might contain more know-how, but, in this article, I will focus on documented plans and strategies.

MFO, outcomes and causality

A critical part of the MFO approach for agencies revolves around identifying the ultimate outcomes sought by government, then figuring out the lower-level outcomes that will contribute to them. These will be 'contributory' outcomes in the sense that they will be one dimension or component of the overall outcome. The current government priorities are:

Economic Transformation

working to progress our economic transformation to a high income, knowledge based market economy, which is both innovative and creative and provides a unique quality of life to all New Zealanders;

The economic transformation theme can usefully be approached using the following sub-themes:

- growing globally competitive firms;

- world class infrastructure;

- innovative and productive workplaces, underpinned by high standards in education, skills and research;

- an internationally competitive city – Auckland;

- environmental sustainability;

Families – young and old

all families, young and old, have the support and choices they need to be secure and be able to reach their full potential within our knowledge based economy;

Families, young and old theme can usefully be approached using the following sub-themes:

- strong families;

- healthy confident kids;

- safe communities;

- better health for all;

- positive ageing;

National Identity

all New Zealanders to be able to take pride in who and what we are, through our arts, culture, film, sports and music, our appreciation of our natural environment, our understanding of our history and our stance on international issues;

National identity theme can usefully be approached using the following sub-themes:

- who we are;

- what we do;

- where we live;

- how we are seen by the world;

Departments should take these themes into account in all their planning processes and consider how core business and baselines can be aligned to support the three priority themes and, as appropriate, be expressed in Statements of Intent. (DPMC, 2006)

The *Statements of Intent* (SOIs) for 2006 reveal the ways in which agencies believe they contribute to any or all of these goals. In relation to 'Families – young and old', the Ministry of Education , for example, says that:

Education will support initiatives aimed at raising achievement and reducing disparities, and initiatives aimed at strengthening family functioning and capability. (MinEdu, 2006, p.10)

The Ministry of Social Development contributes extensively across a range of fronts:

The Ministry's policy, research, and services for children, families, communities, and older people all contribute towards the priority of families – young and old. We provide quality services to all families, including families experiencing particular difficulties; lead government work to reduce and prevent family violence; fund and support the community organisations that provide local services; and work across government to ensure that all the policies that affect families, like health, education, and positive ageing, work well together. (MSD, 2006, p.27)

The Department of Internal Affairs says:

The Department's involvement with families starts with the registration of births, marriages, civil unions and deaths. Families are also supported directly by our community development work, our support for volunteering, our censorship work, and our work with communities and local government to control gambling. (DIA, 2006, p.8)

The Ministry of Justice (2006, p.14) contributes through 'safer communities' and a 'fairer, more credible and more effective justice system'.

If these outcomes are contributory in a whole-of-government sense, other, lower-level outcomes are logically or causally prior outcomes in the sense of preconditions that need to be achieved before the ultimate outcomes can emerge (referred to in New Zealand as 'intermediate outcomes'). Alternatively, they may be conceptualised as correlations, as multiple, interconnected factors that must be present for the outcomes to emerge. The Ministry of Education, for example, has identified several factors it must work on to achieve its contributory goals. One of several the ministry identifies is 'effective teaching' (MinEdu, 2006, p.10). The State Services Commission identifies, amongst other things, its 'people capability' strategy as critical to achieving its state sector development

goals (SSC, 2006, p.23). The Ministry of Health has been working for some time on system development goals, referred to as 'Developing and Maintaining our Capability' (MoH, 2006, p.68ff).

According to the theory, agency strategies – the activities the agency will undertake in order to achieve these outcomes, and undertake precisely and only because the agency believes they will cause these outcomes to emerge – should be underpinned by a causal model: in New Zealand, referred to as 'intervention logic'. Many positive and negative things can be and have been said about intervention logic (e.g. about the term 'intervention' itself; about outcomes hierarchy vs. causal chain approaches; strengths and weaknesses; technocratic vs. heuristic application; and the manner of its design, introduction and implementation), but I still take the idea as being a useful and necessary heuristic (Ryan, 2002). MFO stands or falls by whether agencies have some definite conception, whether in theory or practice, of the causal or generative mechanisms whereby their goals and objectives will emerge and their role in ensuring that they do. Making these models explicit in plans and strategies is therefore important, for clarity, to ensure that staff, providers and associated agencies understand their role in the collective effort, and for the purposes of evaluation and accountability.

In the course of identifying these models, agencies therefore should be asking deep and meaningful questions about how they must act, as agents of change, in order to bring about the desired states of affairs. The answers selected, represented as a model, should specify exactly how those desired changes will occur – will *actually* cause those changes to occur, and not just some vague assertion that, if X is done, Y will follow – and these should be apparent to a greater or lesser degree in plans and strategies.

At the very least, then, under an MFO framework agencies should be:

- identifying their high-level contributory goals and objectives;

- figuring out and selecting a detailed and elaborated model they intend employing to create the changes desired; and

- explicitly using the model to develop strategies to be implemented over time to progressively realise intermediate goals and objectives.

Are they doing so? Are there signs of development of such models underpinning their strategising? Given that the SOIs produced by New Zealand government agencies are a critical part of the budget process and all agencies have now been producing them for at least a couple of years, these documents are a reasonable place to look for evidence.

Patchiness and gaps

Recent SOIs and other strategies suggest that the answer to the questions posed above is something like: 'Sometimes, but the picture seems patchy'. Many documents now reveal attempts to draw connections between 'overall government priorities', 'agency/strategy goals and objectives' and 'planned activities over the next one/two/however many years'. Juxtaposed thus, causal connections are implied. On the surface, all seems valid and plausible. Agencies are pursuing reasonable-looking strategies, and government, parliament and citizens can o tensibly expect, after a while, that the desired objectives and higher-level goals will emerge.

Some agencies seem to be doing more than this and have devised a more explicit model of change to underpin their efforts; indeed, in some cases the model is embedded in the name given to strategies to achieve contributory and intermediate outcomes (as noted above). Work and Income, for example, is employing 'case management' as a key strategy for dealing with long-term unemployed (MSD, 2006, p.59); Inland Revenue (IRD, 2006, p.25) and Customs (2006, p.5) are explicitly pursuing 'voluntary compliance' models; the Ministry of Education sees one of its critical strategies as 'effective teaching' (2006, p.10); Corrections has been pursuing 'offender management' approaches (2006, p.19); the Ministry of Health, charged with implementing the complex Primary Health Care Strategy, is focusing on several elements, of which one is a model of 'system development', as critical to the overall success of the strategy, using the SSC state sector development goals as a management lens (MoH, 2006, p.68).

Some of the SOIs seem to present a comprehensive and thoughtful picture of what the agency is trying to achieve and how. For example, following on from the point made above in relation to 'effective teaching' as a contribution to the overall well-being of families, the Ministry of Education SOI says:

We need teaching that works for New Zealand students who come to school:

- with increasingly varied prior knowledge and experience
- speaking a range of languages
- at a range of achievement levels
- with fluid and complex ethnic and social cultures and heritages
- bringing varied abilities and cultural resources to their learning.

Teachers can increase their focus on raising student achievement and reducing disparity through involvement in strong learning professional communities, and by participating in ongoing professional learning. (MinEdu, 2006, p.29)

The document goes on to define 'effective teaching' in terms of:

The Best Evidence Synthesis: Quality Teaching for Diverse Students identifies the key characteristics of effective teaching in the schooling sector and how these contribute to better outcomes. From this and other sources we know that educators who are effective:

- are focused on student achievement and expect and achieve high standards of outcomes for all their learners
- know their curriculum material or subject and how to teach it and understand the general principles of learning and those specific to their subject or curriculum material
- use achievement information and evidence to understand their learners and adapt their teaching practices
- respond flexibly and appropriately to the needs of all learners
- build purposeful and productive relationships with learners, peers, family and the community
- link their teaching to the prior knowledge, cultural beliefs and experiences, and learning processes of their learners in different contexts
- are supported by employment and workplace conditions that are enabling and encouraging. (MinEdu, 2006, p.30)

There is a clear recognition here that effective teaching is also flexible teaching based on an understanding of particular types of students and adaptations in pedagogy to meet their needs. This goes well beyond the vague assertion of connection between overall government goals and agency strategies, to specifying some of the key conditions that must be created and accounted for in actually achieving those goals.
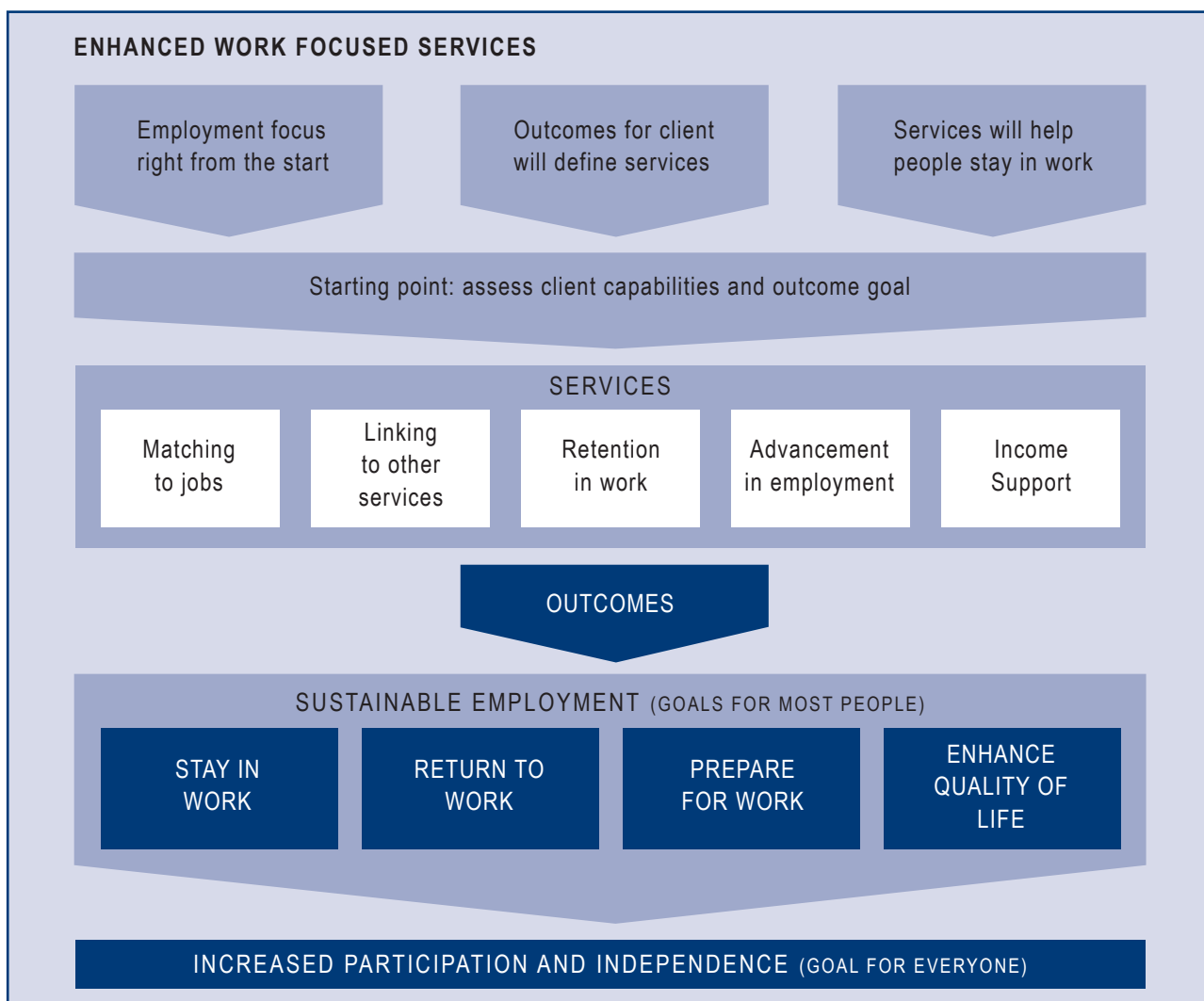
Similar kinds of developments can be found in the current Ministry of Social Development (Work and Income) SOI. For example, at one point in the discussion of outcomes for 'Working age people' (2006, p.58), the following diagram appears. It shows that, whilst the desired outcomes for particular clients (some form of sustainable employment) will define the services provided, the starting point is the assessment of client capabilities, based on which the client will then receive services such as job matching, referrals to other services, work retention, advancement or income support.

Below this diagram the SOI lists some key principles the ministry believes should be paramount in case managing clients:

- The Right Job At The Right Time, Right From The Start

- Work For Those Who Can, Security For Those Who Can't

- Planning For Work As Circumstances Allow

The discussion continues by identifying the results the ministry wants to see:

Working age people are a large and diverse client group and we need a range of measures to identify how well we are achieving our high-level outcome. The results we want to see from our work are that:

- job seekers achieve sustainable employment

- all our working age clients (working age students,

ENHANCED WORK FOCUSED SERVICES

Employment focus right from the start

Outcomes for client will define services

Services will help people stay in work

Starting point: assess client capabilities and outcome goal

SERVICES

Matching to jobs | Linking to other services | Retention in work | Advancement in employment | Income Support

OUTCOMES

SUSTAINABLE EMPLOYMENT (GOALS FOR MOST PEOPLE)

STAY IN WORK | RETURN TO WORK | PREPARE FOR WORK | ENHANCE QUALITY OF LIFE

INCREASED PARTICIPATION AND INDEPENDENCE (GOAL FOR EVERYONE)

beneficiaries, and working people) get the financial support they are entitled to

- our clients are aware of all their entitlements, including entitlements while working and leading up to and during retirement

- benefit fraud is prevented and/or detected early

- the debts of beneficiaries and former beneficiaries are minimised, and their debts are managed accordingly. (MSD, 2006, p.60)

These statements are less focused than the Ministry of Education instances above on specifying exactly how client needs must drive implementation and design strategies. They also tend to define clients as abstract objects, the subjects of agency strategies. Nonetheless, there are clear signs of sensitivity to the differing circumstances in which various groups of clients find themselves. The interesting thing, though, is that even the Ministry of Education example lacks something in this respect; for all its sophistication, it is still speaking of the qualities to be brought to teaching rather than the learning processes that different types of students will undergo (or not undergo, according to their motivations) – and, hence, what, how, where, when and why the learning outcomes will or will not be achieved. It is not actually a discussion of learning and achievement (the realisation of outcomes) but of the qualities of teaching and classroom strategies (the necessary preconditions of those outcomes). It seems to me that the former must be the actual focus of attention if MFO is to really work.

This, then, seems to be a gap in many agency documents. There is little detail regarding the when, where, why, how and what of what occurs between agency staff carrying out the specified activities and the generation of the desired outcomes: there is a 'black box' in many agency plans and strategies between planned agency action and societal effect. There is little apparent understanding of who and what 'the client' is or how, why and when they act as they do – actual clients, real people, not just the pre-defined subjects of official abstraction who, it is presumed, will act as specified. Understanding clients as real people, their actual needs and actions, where, when, how, why and what they do with agency outputs once they have accessed them and taken them up and used them in some way (or have ignored or subverted them), is critical to the success of any focus on outcomes.

This realisation is not new. Schneider and Ingram (1990) some while ago argued that too little attention is paid in public policy and management to the 'behavioural assumptions of policy tools'. Similarly, Richard Rose (1989) suggested that, for policy to be 'effective', it is critical to understand the role of 'ordinary people in the policy process'. The recent emphasis on understanding the 'co-production' of outcomes (OECD, 2001, pp.41-2) registers the same point. I, too, have previously argued along the same lines (Ryan, 2003b).

Beyond the examples examined in this paper, the general significance of the point for MFO can be demonstrated by reversing the usual tendency in public management and policy to see things from the top down and looking at things from the client/citizen perspective (and using Elmore's (1979–80) 'backwards mapping' approach). For the desired outcomes to emerge, clients must, in some way, 'use' or otherwise act in relation to the agency outputs. Do they do so? If so, how, why, where and when? On what basis are they motivated to do so? In what manner, form, time and place are they able to access the outputs? How are the outputs (indeed, the whole policy or strategy) presented to them? How do they appear? What value are they made to represent? Do those representations square with the intended clients' values, knowledge sets and frameworks of meaning, from their own preferences and sense of identity up to their (implicit or otherwise) theory of the state? And taking all these considerations together, how do different (sub)groups of clients respond and why?

An additional, parallel set of questions can be asked in relation to (a) targeted clients who do not respond in the manner expected; (b) other actors and agents involved in policy development and implementation; and (c) the actions of the opponents of the policy who will seek to undermine and subvert it, since the actions of these agents will also contribute to the actual outcomes. Any agency strategies devised without recognising these questions in the course of planning, development and implementation are unlikely to succeed (other than by good fortune). The apparent absence of any such awareness or understanding in most agency documents produced under 'managing for outcomes' raises questions about how much progress is occurring in making policy and management more effective – the prime purpose behind the MFO movement.

The last point to make is that it does not matter whether the policy is founded on the application of authority, the introduction of incentives, or capacity building, is symbolic and hortatory, or makes the assumption of ongoing collective learning (Schneider and Ingramm 1990), or the theory of client action in response to policy is based on any or all of behavourist, humanist, structurationist, psychological, economic or sociological assumptions. The point is that whatever strategic choices are made by an agency, these could or should be apparent to a greater or lesser extent in the detail of the agency plan. The work now being done by the Ministry of Education, the Ministry of Social Development and others seems to confirm the theoretical point.

Conclusion

The introduction of managing for outcomes is an important recent development in the journey of improving the quality of governance that commenced internationally in the late 1970s and in New Zealand from the late 1980s, a development that is too important for us not to devote considerable attention to its emergence. For various reasons, some good and some bad, MFO was introduced in this country with little fanfare and was represented as no more than an 'evolution' of the so-called 'New Zealand model of public management'. Not all were convinced by that assertion and, indeed, as practitioners and researchers delve further into what MFO might mean it seems increasingly that it really does represent a significantly different and more demanding approach to public management.

For my own part, I have argued elsewhere (Ryan, 2003b) that if we break the notion down into 'planning for outcomes', 'implementing for outcomes', 'resourcing outcomes', 'accounting for outcomes' and so on, we begin to see various ways in which MFO does indeed go beyond past and current ways of working and imply quite different – sometimes radically different – approaches to the work of officials. This paper has attempted to explore a detailed aspect of that same set of issues regarding the realisation and generation of societal change through policy and management. It is apparent from logical deduction, confirmed in practical developments taking place in those agencies where one would expect to see the greatest degree of change (because they are in constant contact with direct clients),

that much more needs to be done in understanding and articulating why, how, where and when desired and anticipated change might occur. This requires deeper and more sophisticated understandings of the ways in which clients and citizens respond to particular outputs in co-producing the actual outcomes: i.e. the behavioural aspects of policy development, implementation and the utilisation of government outputs. Understanding clients in this respect is essential for MFO. Glossing over the details will not do. Vague assertions (or relabelling current practices with the language of MFO) makes plans and strategies seem like no more than discursive window-dressing.

Obviously, for the sake of public accountability, to say nothing of clarity and coordination through organisations and policy networks, planning and strategy documents can and should, up to a point but not beyond, be detailed and explicit (wherever that point is, this analysis suggests that it has not yet been reached). On the other hand, it is worth noting that sometimes plans and strategies are precisely 'discursive window dressing': pretty words and evocative images. This is not always a cynical view but a realistic assessment, ultimately, of how such documents are simplifications, representations designed for other purposes – as the surrealist painter René Magritte reminds us – not the reality to which they refer ('Ceci n'est pas une pipe', *The Treachery of Images*, 1928–29; cf. also Mintzberg, 1994). The reality of policy, of 'managing for outcomes', is to be found in the actions and interactions occurring between front-line staff/providers and clients – in other words, it is located in implementation and delivery and the use that clients make of government outputs. This is where it counts. This is where we should look for a deep practical and theoretical understanding of clients, the purpose and manner of their responses to policy, their co-production of the actual outcomes, and the recursive feedback over time of that expertise and know-how back into policy design, development and advising. This is where we must look and where we must direct attention if MFO is to work. Is this what is expected of officials at the front line? Is that how they act? Do analysts and managers, especially those doing the work of policy design and development, understand this point? There is no systematic answer to these questions; some evidence says 'yes', other evidence says 'no'. I suspect that one answer might be 'Too few'. At this time, there is probably no more important empirical

question to be explored as we come to understand and learn more about MFO.

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