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Public management in New Zealand and its effect on institutional arrangements for managing fisheries

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ABSTRACT

In the last few decades Western democracies, predominately those of British origin, have debated vigorously about how to improve public management performance. These debates have created an influx of new ideas and initiatives regarding the concept and practise of public management. New Zealand implemented public management reform further and faster than most other nations. At the same time, New Zealand implemented sweeping reforms to the management of fisheries, which led to the quota management system based on the allocation of individual transferable quota. This article briefly outlines the history of changes in New Zealand's public management system and the effect these changes have had on institutional arrangements for managing fisheries. Each institutional arrangement has been devised to accommodate the priorities and policies of the government of the day, spanning the Marine Department established in 1866 to recent structural changes made to the Ministry of Fisheries. The recent structural changes have placed greater emphasis on governance to improve performance, but have also led to substantial losses of in-house experience and institutional knowledge. This article contributes to the broader discussion about whether structural changes provide measureable benefits or the most cost effective way to deliver improvements in performance.

1. Introduction

In the last few decades Western democracies, predominately those of British origin, have implemented contemporaneous public management reforms aimed at modelling political and administrative relationships based on assumptions in economic theory. While the reforms have varied in depth, scope and success across nations, they are said to have been implemented in response to unproductive and inefficient government departments, or bureau-pathology [1]. Departments were characterised as centralised, rule-based systems within self-contained hierarchical bureaucracies with administrative rules and procedures that severely constrained managerial discretion. This situation led to inefficiencies in government activities and processes and unresponsiveness to changes in social conditions [2].

According to Scott [3], the focus of any reform should be to ease the tradeoffs between policies that promote economic growth and those that promote equitable distribution of the fruits of the economy. Scott maintains that these tradeoffs may require a government to undertake incremental and continual reform of the public management system to avoid making changes under pressure after 'things have drifted.' A reform movement uses the machinery of government to remove administrative obstacles; new departments are created as old ones are scattered or reconfigured [4]. Public management is, therefore, about where power arises and how it is used [5].

Changes to the New Zealand public management system are analogous to pendulum swings from one set of extremes to another [6]. The radical reforms that began in the mid-1980s went further and faster than in any other nation [7]. During this period, New Zealand implemented sweeping reforms to the management of fisheries with the new and largely untested quota management system (QMS) based on the allocation of individual transferable quota (ITQ). The QMS was a radical departure from the previous fisheries management system, which was its attraction during a period of radical economic and social reforms [8]. This article explores changes in New Zealand's public management system and the effect these changes have had on institutional arrangements for managing fisheries.[1]

The first section of this article briefly outlines the history of New Zealand's public management system, highlighting the radical reforms that began in the mid-1980s. It then outlines the period from 1999 to 2008 when the perceived downsides to the radical reforms were addressed by increasing public service expenditure, taking steps to improve inter-departmental coordination and placing greater emphasis on public engagement in the

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development of certain policy initiatives, which had a corresponding influence on the way fisheries were managed. This section also depicts the system since the 2008 change in government that coincided with the global economic downturn. The second section outlines the institutional arrangements for managing fisheries in New Zealand, spanning the Marine Department established in 1866 to the Ministry of Fisheries' structural changes in 2009/10. The purpose of the structural changes was to meet the government's expectations for more focused public engagement and greater economic value generated from fisheries. It then outlines how the Ministry's structural changes were implemented and the resulting loss of in-house experience and institutional knowledge. This section also discusses possible future structural changes to the Ministry. This article contributes to the broader discussion about whether structural changes provide measureable benefits or the most cost effective way to deliver improvements in performance.

2. The New Zealand public management system

New Zealand became annexed to Britain in 1840 and subsequently adopted a constitutional monarchy with a Westminster-type system of government and a single house of Parliament. Since 1947 New Zealand has had full legislative autonomy over its own affairs, and the Labour and National Parties have vied for power during three-year electoral cycles. The Labour Party has represented workers and unions, and the National Party has represented business interests. Historically, most national policy debate occurred within known and accepted boundaries and reinforced broadly agreed societal and national objectives [9]. Full employment was an objective and led to the government becoming the nation's major employer [10]. The government was viewed as guaranteeing economic improvement and individual and social security, which led to the formation of a highly bureaucratic welfare state. The public service consisted of 35–45 departments of state based in Wellington, the nation's capital, though it constituted a fraction of the wider public sector. The public service ethos was inculcated with impartiality in the exercise of public authority by serving and maintaining the confidence of the government of the day [11]. The public service culture included employment for life, automatic progression on length of service, expanding staff numbers and liberal and increasing budgets [12]. All of this began to change in 1972 when Britain entered into the European Economic Community, which ended New Zealand's assured access to British markets for virtually all of its primary product exports. The combination of low international prices for agricultural commodities and high proportions of investments in social capital led to New Zealand's economy undergoing significant structural changes.

2.1. Radical reforms 1984–1999

Contrary to public expectations, the Labour Party, along with the New Zealand Treasury, became the impetus for the radical reforms [13]. The Treasury had been advocating a broad programme of market liberalisation and macroeconomic disinflation. The National Party calling a snap election in 1984, coupled with the seriously deteriorating economy, provided the incoming Labour Party government with a 'window of opportunity' [14]. The new government embarked on a redesign of the nation's economic and social structures with almost evangelical fervour by unleashing a blitzkrieg of changes that took both the public and opponents by surprise [10].

The first aim of reform was to revitalise the nation by removing subsidies and distortions in the private sector while encouraging economic growth, efficiency and competition in a price-stable environment [15]. The second aim was twofold; to dismantle the welfare state and to extensively reform the wider public sector. The Treasury viewed public sector reform as 'the single biggest problem' facing the government [16, p. 8]. One significant step included changing several government departmental trading activities into State Owned Enterprises (SOEs) under the State Owned Enterprise Act 1986 so that they operated as close as possible to a private sector model [17]. Steps were also taken to improve managerial accountability in public service departments by incorporating private sector management skills and language by way of the State Sector Act 1988 and the Public Finance Act 1989. Some reformers were hopeful that the reforms would allow government departments to run like a private sector business based on public entrepreneurship [18]. Competition became the 'guiding thread' of public policy [19, p. 233].

The State Sector Act 1988 implemented sharper accountability between a minister and a departmental 'chief executive' and led to disaggregating several multi-purpose, vertically integrated departments into smaller, single purpose policy or service delivery departments. The Public Finance Act 1989 brought about a 'purchaser–provider' relationship whereby the government defines broader outcomes (impacts on social groups or conditions) and purchases outputs, including policy development, from public service departments, public–private partnerships or the private sector [20]. This relationship was designed to solve perceived problems of 'provider capture' of the political executive by presumed self-interested public servants [11, p. 8].

During this time, total government expenditure continued to decrease, bringing about a long series of government operating surpluses [17]. However, the reforms' focus on free markets and smaller departments offering fewer services did not satisfy the majority of the public [21]. The disgruntled public wanted to soften the reforms by voting out the Labour Party government in the late 1990 election, but then found the incoming National Party government was more stringent in its reform agenda. The public then voted for a 1993 referendum to replace the first-past-the-post electoral system with a Mixed Member Proportional (MMP) system [22]. The MMP system results in half of Parliament comprising constituency seats won by the first-past-the-post system and the other half based on a party list. This system often leads to no single party gaining a majority, which reduces the likelihood of a party taking unilateral action.

Although the total number of public service departments remained fairly constant during this period, a flurry of changes occurred after the State Sector Act 1988 was enacted (e.g. departments were replaced or merged) [23]. The reduction in the size of many departments and the movement of some functions to other sectors, including SOEs, led to a 60% decline in the number of public servants, from 85,423 in 1985 to 34,377 in 1996 [23].[2] The one-off payments for redundant public servants were seen as cost effective compared to prolonging 'artificial jobs' [24]. Further redundancies occurred as the number of local government authorities was reduced from around 850 to 86 [25].

Schick's [26] 1996 assessment of the public management system concluded that while New Zealand was the first nation to achieve several advances in public management and fiscal control, management cannot be 'reduced to a set of contract-like documents and auditable statements.' Schick [26, pp. 84–85] warned that the 'relentless pursuit of accountability can exact a price in the shrinkage of a sense of responsibility,' particularly

[2] The numbers of public servants are 'headcount', which includes both full-time and part-time positions. The only exception is the numbers that make up the core government administration, which are full-time equivalents.