PUBLIC POLICY AND GOVERNANCE FRONTIERS IN NEW ZEALAND
This series brings together the best in international research on policy and governance issues. Authored and edited by experts in the field, these books present new and insightful research on a range of policy and governance issues across the globe. Topics covered include but are not limited to: policy analysis frameworks; healthcare policy; environmental/resource policy; local government policy; development policy; regional studies/policy; urban policy/planning; social policy.

*Titles include:*

- Leadership and Public Sector Reform in Asia
  *Evan Berman and Eko Prasoji*

- Corruption, Accountability and Discretion
  *Nancy S. Lind and Cara Rabe-Hemp*

- The Experience of Democracy and Bureaucracy in South Korea
  *Tobin Im*

- Governmental Financial Resilience: International Perspectives on How Local Governments Face Austerity
  *Ileana Steccolini, Martin Jones, and Iris Saliterer*

- The Global Educational Policy Environment in the Fourth Industrial Revolution: Gated, Regulated and Governed
  *Travis D. Jules*

- Governing for the Future: Designing Democratic Institutions for a Better Tomorrow
  *Jonathan Boston*

- Asian Leadership in Policy and Governance
  *Evan Berman and M. Shamsul Hague*

- Different Paths to Curbing Corruption: Lessons from Denmark, Finland, Hong Kong, New Zealand and Singapore
  *Jon S. T. Quah*

- Institutional Reforms in the Public Sector: What Did We Learn?
  *Mahabat Baimyrzaeva*

- New Steering Concepts in Public Management
  *Sandra Groeneveld and Steven Van de Walle*

- Curbing Corruption in Asian Countries: An Impossible Dream?
  *Jon S. T. Quah*
# CONTENTS

List of Figures vii

List of Tables ix

Preface xi

Andrew Kibblewhite

About the Editors xv

Introduction

New Zealand: At the Frontiers of Public Policy Innovations

Evan Berman and Girol Karacaoglu 1

Chapter 1  New Zealand in the Making: Past and Present

Gary Hawke 11

## PART I

### PUBLIC POLICY

Chapter 2  Social Laboratory: Reality or Myth?

Colin James 27

Chapter 3  Economic Performance: A Prosperous, Very Distant Economy

Michael Reddell 53

Chapter 4  Māori Interests and Rights: Four Sites at the Frontier

Maria Bargh and Carwyn Jones 71

Chapter 5  Agriculture: Continued Strengths

Frank Scrimgeour 91
Chapter 6  From Growth to Wellbeing: Evolution of Policy Frameworks  
*Arthur Grimes*  
113

Chapter 7  On Sustainable Development  
*Les Oxley and Mubashir Qasim*  
129

**PART II**  
**PUBLIC GOVERNANCE**

Chapter 8  State Sector Governance Reform: Past Experience, Contemporary Challenge  
*Graham Scott*  
147

Chapter 9  Strengthening Integrity Systems: Complacency Versus Confidence  
*Suzanne Snively*  
171

Chapter 10  Fiscal Policy Governance: A Focus on Principles  
*Robert A. Buckle*  
191

Chapter 11  Monetary Policy Governance and Inflation Targeting in New Zealand  
*Robert A. Buckle*  
211

Chapter 12  Digital Government: Leadership, Innovation and Integration  
*Elizabeth Eppel and Barbara Allen*  
233

Chapter 13  Environmental Governance – Are We Making the Grade?  
*Marie Doole and Fleur Maseyk*  
257

Chapter 14  Quest: New Zealand Public Sector Reform Since 2000  
*Iain Rennie*  
279

*About the Authors*  
303
# LIST OF FIGURES

## Chapter 3

<table>
<thead>
<tr>
<th>Fig.</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Real Exchange Rate.</td>
<td>62</td>
</tr>
</tbody>
</table>

## Chapter 5

<table>
<thead>
<tr>
<th>Fig.</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>NZ Agricultural Exports as a Share of Total Exports (June Year).</td>
<td>93</td>
</tr>
</tbody>
</table>

## Chapter 6

<table>
<thead>
<tr>
<th>Fig.</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Traditional Budget Process and Wellbeing Budget Process.</td>
<td>118</td>
</tr>
</tbody>
</table>

## Chapter 7

<table>
<thead>
<tr>
<th>Fig.</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Sustainable Wellbeing as the Objective of Public Policy.</td>
<td>131</td>
</tr>
<tr>
<td>2.</td>
<td>GS Measure of Future Wellbeing (Real Per Capita).</td>
<td>134</td>
</tr>
<tr>
<td>3.</td>
<td>Trends in the GS Gap as a Percentage of GNS and Its 10-Year Moving Average.</td>
<td>135</td>
</tr>
<tr>
<td>A.1.</td>
<td>Who Was in Power and Prime Minister When?</td>
<td>141</td>
</tr>
<tr>
<td>A.2.</td>
<td>Log Normalised Count of SaW Terms in NZOYBs by Political Parties.</td>
<td>141</td>
</tr>
<tr>
<td>A.4.</td>
<td>Correlation Network of Frequently Occurring SaW Terms in NZOYBs, Post 1970.</td>
<td>143</td>
</tr>
</tbody>
</table>
LIST OF FIGURES

Chapter 8

Fig. 1. Merging Political Strategy with Service Delivery. 158

Chapter 9

Fig. 1. CPI 2019. 173
Fig. 2. NIS. 175

Chapter 10

Fig. 1. Core Crown Net Debt as Percentage of GDP: 1972–2015. 192

Chapter 11

Fig. 1. New Zealand and OECD Inflation: 1971–2018. 212
Fig. 2. New Zealand Inflation and Inflation Targets: 1990–2019. 220
Fig. 3. New Zealand Inflation and Output Volatility During Inflation Targeting. 225

Chapter 12

Fig. 1. Using Information and Communication Technologies to Realise Benefits. 236

Chapter 14

Fig. 1. The Performance Improvement Framework. 291
LIST OF TABLES

Introduction
Table 1 Prosperity and Issues in NZ. 4

Chapter 3
Table 1 Labour Productivity: New Zealand and a Leading OECD Group. 60
Table 2 Population Growth. 64

Chapter 5
Table 1 NZ Productivity Statistics. 92
Table 2 NZ Farming Types. 98
Table 3 Farm and Orchard Size. 100
Table 4 Government Engagement with Agriculture. 108

Chapter 6
Table 1 Examples of Evidence Behind the Wellbeing Budget Priorities. 116
Table 2 The OECD Approach to Measuring Wellbeing. 120
Table 3 NZ Wellbeing Rankings within BLI Domains (Across 38 OECD Countries). 121

Chapter 9
Table A Tools to Inspect, Detect, Prevent, and Prosecute Corruption (Chartered Accountants Australia and New Zealand (CAANZ), 2014. 176
Table B Integrity System Development Factors. 180
Chapter 10

Table 1  Principles of Responsible Fiscal Management. 196

Table 2  Fiscal Reporting Requirements 197

Chapter 13

Table 1  Key Environmental Legislation and Implementing Agencies. 260
PREFACE

Andrew Kibblewhite

New Zealand is a small country, a long way from pretty much anywhere else. We face our own unique set of challenges and opportunities, our own geography, social and cultural makeup and our own, distinctly evolved, institutions of government and governance. Though we have much to learn from the experience of other countries we are not the same. We cannot just import and apply others’ policy prescriptions. We need to develop New Zealand understandings, policies that reflect who we are, our challenges and aspirations.

This book offers the fruits of an important collaboration, a useful collection of perspectives on public policy, by a group of distinguished students, shapers, and implementers of public policy over several decades. It is intended for both international and domestic audiences that wish to learn about our experiences in a convenient and thoughtful way.

One of the advantages of being a small, relatively well run country is we can move quite quickly from idea, to policy decision, to implementation. This is a strength when the ideas and policies are good – but can be disastrous when they’re not! Our fleetness of foot in policy creates a higher premium on the quality of our policy community: our politicians, public servants, academics, and commentators.

One of my preoccupations as previous Head of the Policy Profession, and of the Policy Project team that supported me, was how to build the capability of the policy community for thoughtful, long term, insightful advice – for policy stewardship.

We have been on this journey for at least three decades now, with a progressive bolstering of the formal expectations for stewardship advice in more recent times. In 2013, as a response to the recommendations of the Better Public Services Advisory Group, a new responsibility for CEs – to be responsible for their department’s capability and capacity to offer free and frank advice to successive governments - was included in the State Sector Act. In 2017, the Cabinet Manual was updated with more specific stewardship obligations on CEs and Ministers. And in 2017, the State Services Commissioner issued two sets of guidelines, for Free and Frank Advice and for Policy Stewardship, setting out expectations for public servants in these important and related areas. Looking forward, the Public Service Bill, which at the time of writing is still before the House, includes a new obligation on public service Chief Executives to produce and publish ‘long-term insights’ briefings.
In parallel with this more formal framing of policy stewardship, we have also seen a growing and welcome emphasis on the role of evidence in policy. Under the leadership of the Prime Minister’s Chief Science Advisor (first Sir Peter Gluckman, now Professor Juliet Gerrard), the network of departmental science advisors has assumed an increasing role, with their work often now used to frame policy discussions and test the efficacy of interventions. Alongside this, the development of the Integrated Data Infrastructure (IDI) by the Department of Statistics offers the promise of a world leading repository of data and information that can be used to test policy proposals.

In public policy, the quality of the ideas and research is a necessary, but not sufficient, condition. There also needs to be a constructive relationship between advisors and Ministers, characterised by trust, by mutual respect, and by a mature understanding of the role each other plays. Public servants and politicians need to have enough confidence in each other, and in the confidentiality of their discussions, that they can speak freely and openly. That they can test policy ideas in private without necessarily having to justify that questioning – or their disagreements – in public.

As well as insisting on more timely and sharper performance in responding to Official Information Act (OIA) requests, the Chief Ombudsman (Peter Boshier) has explicitly recognised the importance of Ministers and public servants having greater certainty about what will or won’t be released under the OIA, and the desirability of protecting, as free and frank advice, early stage, ‘blue skies’ thinking. Policy stewardship will flourish when Ministers and public servants do not face too great an incentive to self-censor – when challenging ideas can be tested at a preliminary stage – without the distraction of premature public debate.

So, there is some useful wind in the sails of good public policy in New Zealand, which is important, as we are often running against the tide. We have few think tanks focussed on public policy, an academic community of a size that reflects our population, and journalists under pressure, still working out how to cope with the immediacy and frequent superficiality of the modern media environment.

We also suffer from an inevitable short termism in politics, arising from the three-year Parliamentary term. The pressure on Governments to develop, launch and implement policies in time to have something to show at the next election creates an unhealthy bias against thoughtful public policy. It is a credit to successive New Zealand Governments they get as much achieved as they do.

Publications such as this one are too rare in New Zealand. They help build the conversation between the public service and academia, between the blogosphere and the commentariat, among the community. We need to look for more opportunities to build that conversation, to create more fora where ideas and evidence can be tested.

Departments can help by publishing more data series, more working papers, and by funding and undertaking more research. They need to give effect to the expectations now upon them that they should prepare to answer the policy questions of tomorrow as well as those being asked today. This will necessitate taking a longer run perspective in their advice and having a well thought-through and longer run research agenda. It will require building up deep technical expertise.
This book is an important collaboration, a useful collection of perspectives on public policy in our country. I agree wholeheartedly with many of the insights offered and find myself disagreeing with a few as well. But in many respects that is the point. New Zealand needs more thoughtful, reflective, sometimes provocative contributions to the public policy debate. This edition offers many examples of that and I commend it to all those involved in public policy and governance in New Zealand.

I congratulate and thank the School of Government of the Victoria University of Wellington, whose stated vision is to be a globally recognised capital city university, for taking the initiative to pull the material presented in this book together. It is my hope that, in doing so, they have also made a valuable contribution to the very active international sharing of ideas on public policy and governance.

Andrew Kibblewhite,
Secretary for Justice and Chief Executive, Ministry of Justice
Former Chief Executive of the Department of the Prime Minister and Cabinet and Head of the Policy Profession
September 2019
ABOUT THE EDITORS

**Evan Berman** is a Professor of Public Management at the Victoria University of Wellington (VUW). He is a leading scholar in public administration. Among his awards are the Fred Riggs Award for lifetime achievement in comparative and international administration (2015) and the NASPAA/ASPA Distinguished Research Award (2017) from the American Society for Public Administration. Prior to joining VUW, he was a Distinguished Professor at Louisiana State University. He is Adjunct Chair Professor at National Chengchi University, Taiwan’s premier university of social sciences. He is the series editor of *Public Policy and Governance* (Emerald, UK). In 2020, he joined Fundacao Getulio Vargas, in Brazil, as Chair Professor.

**Girol Karacaoglu** is the Head of School at the Victoria University of Wellington, School of Government. Prior to joining VUW, he was the Chief Economist of the New Zealand Treasury and before then, he was the Chief Executive of the Co-operative Bank of New Zealand for nine years. His previous roles included General Manager at Westpac NZ, the Chief Economist at the National Bank of NZ, and a lecturer in Economics at VUW.
INTRODUCTION

NEW ZEALAND: AT THE FRONTIERS OF PUBLIC POLICY INNOVATIONS

Evan Berman and Girol Karacaoglu

INTRODUCTION

New Zealand (NZ) is widely regarded as being close to, or at, the frontier of public policy reforms and innovations, being an early adopter of New Public Management, as well as a leader in e-government, and in transparency in government and the public sector. This edited book is about the evolution of the governance and management of public policy in Aotearoa\/*NZ over the past five decades. It discusses reforms and innovations on topics that are relevant throughout the world, including wellbeing, sustainability, environmental management, agriculture, and indigenous development. It will appeal to those interested in cutting-edge, innovative, public policy and governance strategy.

This book contributes to the purpose of policy diffusion and shared learning by bringing examples from one of the world’s most innovative countries. Worldwide, challenges of public policy and governance are increasingly converging. In the NZ context, the main innovations in the governance and management of public policy occurred in the 1980s, in response to an ‘overloaded’ and over-reaching government sector, an unaffordable welfare state, an inflexible public sector governance and management structure that was unresponsive to changing circumstances, the public sector not being citizen-centred enough, and fiscal crises.

Because the first symptoms of these emerging pressures appeared in the form of economic problems and the increasing inefficiency of the public sector, the first wave of innovation took the form of the adoption of the New Public Management framework. The centre of attention was on increasing efficiency and...
accountability, with primary focus on outputs, by making the governance and management of the public sector more business-like – run firmly from the centre.

As the scope of the problems faced by NZ started to expand in the latter part of the 1990s and into the present, to include social and environmental concerns as well, the second wave of innovation was a gradual but steady move towards the adoption of the New Public Governance framework. This process is still evolving. Its focus is more on outcomes, and there is an active policy dialogue in NZ today on the place and role of local and regional government, and the communities they represent, in the identification of the main problems, and the design, governance, management, and evaluation of public policies to address them.

FRAMING INQUIRY FOR THIS BOOK

The book explores why and how such a small and far away, but not isolated, country managed to push out the frontiers in public governance and management, pioneering across a whole range of domains. Most of the ideas that were adopted, adapted, and applied in these spheres did not originate in NZ, so why and how do they keep finding fertile ground in this country? Is there anything that can be learned and emulated by others, or is it all due to idiosyncratic historical, cultural, and other factors?

An equally important, second, inquiry relates to the successes and failures of these experimentations. What, if anything, can we learn from them that may be of value to the international community?

The lessons drawn from NZ’s policy successes and failures need to be conditioned by the country’s historical, cultural, and geographic context, at the very least. Thus, although we have a lot to share, we must urge caution in transcribing the lessons from these experiences to other jurisdictions.

Purpose of the Book

The book has three purposes. First, to share what has been learned from NZ’s experiences with an international audience, especially in the Asia/Pacific Region, who appear to be very enthusiastic about learning from them. Second, to offer an assessment of the impact of these policies and their implementation, from a group of academics and policy practitioners who were closely involved with them. Third, to provide a glimpse of emerging challenges for public policy governance and management, and highlighting their origins.

The book focusses on four areas of NZ’s strength in public policy governance and management, namely, managing and governing the economy, the natural environment, the effectiveness of the public service, and advancing minority populations. Within each area, chapters highlight specific challenges, contexts and responses, with focus on such contemporary matters as wellbeing, sustainability, and fiscal responsibility.

These specific areas were chosen as material for the book because they have great importance for NZ’s public policy and management – certainly in recent times. Judging by the international public policy discourse, they will also be of great interest for our international audience.
Introduction

The book discusses practices for developing innovative public policy and governance. It provides a detailed discussion of public governance reforms and use of innovative public management and e-government practices. Chapters provide fact-based analysis and discussion of specific policies and management tools in ways that facilitate policy and governance transfer.

There are five common threads that bind the chapters in this volume together. First, the historic and bi-cultural context in which NZ’s policies have been designed and implemented. Second, the dominant influence of international events and developments on NZ’s public policy landscape. Third, the impact of emerging theories and changing ideologies on the way public policy was designed and implemented. Fourth, the primacy of good public governance as a focus for institution-building. Fifth, the evolution of public policy concerns and issues, and especially the emergence of new ones which could not have been foreseen 30 or 40 years ago.

HISTORY OF ACHIEVEMENTS AND EMERGING CHALLENGES

Under this umbrella, there are a number of characteristics that have defined NZ, at least so far, as well as providing a platform for the innovations in the governance and management of public policy that will be elaborated throughout this book. These are the threads that hold the contributions to the book together. They also help us explain the types of innovations that emerged in NZ.

These common threads and themes, to be developed and linked to the reforms in public policy and governance in the following chapters, are summarised in Table 1.

Judging from the lists above and returning to the question as to why and how such a small and far away, but not isolated, country managed to push out the frontiers in public governance and management, pioneering across a whole range of domains, there is clearly not a straightforward answer. The basic narrative revolves around a group of people, coming to a far away land, intent on making it a home for themselves and their children, and reaching out to everything the world has to offer to improve their lives. To a large extent, the challenges highlighted above, facing NZ, are also found in most other countries in the world.

Although there are no straightforward answers to our framing questions, we nevertheless offer some tentative suggestions here, based on what the authors who have contributed to this book have highlighted.

Our authors agree that most of the ideas that were adopted, adapted, and applied in these spheres did not originate in NZ, but they do not offer a coherent narrative as to why they have so frequently found fertile ground, and have been adopted and adapted in often creative ways, in NZ. The academic and policy communities in NZ do not appear to have explored deeply the sources or drivers of NZ being innovative adopters and adapters of global ideas. Of course, the narrative is not always positive. The following chapters also highlight environmental, social, cultural, and economic developments that are not so good.
Table 1. Prosperity and Issues in NZ.

<table>
<thead>
<tr>
<th>Successes</th>
<th>Contributors</th>
</tr>
</thead>
<tbody>
<tr>
<td>High per capita incomes</td>
<td>A natural-resources based economy</td>
</tr>
<tr>
<td></td>
<td>A pragmatic country that is happy to adapt international ideas to local</td>
</tr>
<tr>
<td></td>
<td>circumstances to improve the wellbeing of its people</td>
</tr>
<tr>
<td></td>
<td>An open country – society and economy – evolving and developing as part of</td>
</tr>
<tr>
<td></td>
<td>an international community.</td>
</tr>
<tr>
<td>Relative peace and social cohesion</td>
<td>A distant country</td>
</tr>
<tr>
<td></td>
<td>A bi-cultural country that is gradually evolving into a multi-cultural</td>
</tr>
<tr>
<td></td>
<td>country</td>
</tr>
<tr>
<td></td>
<td>An immigrant country</td>
</tr>
<tr>
<td>Democracy</td>
<td>Evolving and revolving role of government in economic and social life</td>
</tr>
<tr>
<td></td>
<td>(as investor, provider, protector, regulator, partner, supporter, enabler,</td>
</tr>
<tr>
<td></td>
<td>incentiviser, nudger/persuader, etc.)</td>
</tr>
<tr>
<td>Fairness, equality</td>
<td>Attempts to achieve equality, especially equality of opportunity, through</td>
</tr>
<tr>
<td></td>
<td>employment, and access to good education and health services, for all</td>
</tr>
<tr>
<td></td>
<td>A country that puts a lot of emphasis on equality and fairness – including,</td>
</tr>
<tr>
<td></td>
<td>and especially, across gender and ethnicity – and increasingly on</td>
</tr>
<tr>
<td></td>
<td>intergenerational equity</td>
</tr>
<tr>
<td>Good governance and government</td>
<td>Social laboratory of the world</td>
</tr>
<tr>
<td></td>
<td>An ongoing focus on welfare (or wider wellbeing) as a focus of public</td>
</tr>
<tr>
<td></td>
<td>policy throughout the modern history of NZ</td>
</tr>
<tr>
<td></td>
<td>Ideas, ideology, theory – as other drivers of public policy</td>
</tr>
<tr>
<td></td>
<td>A country that has put institution-building at the centre of its public</td>
</tr>
<tr>
<td></td>
<td>policy governance and management in recent decades</td>
</tr>
<tr>
<td>High integrity, low corruption</td>
<td>The evolution and reshaping of the social contract between the government</td>
</tr>
<tr>
<td>Open government</td>
<td>and the citizens</td>
</tr>
<tr>
<td>Early adoption of digital government</td>
<td>A country with a centralised government</td>
</tr>
</tbody>
</table>

... to present day issues and frontiers

A search for answers for the languishing (and sometimes declining) economic performance certainly since the 1970s, accompanied more recently by worsening social and environmental outcomes as well

A country that is still struggling with the challenges of embedding bi-culturalism into the governance and management of public policy, while trying to cope with the emerging pressures of multi-culturalism

Population growth, and its interface with migration flows, is a recurring theme in the book – interwoven into ongoing public policy discourse

Some of the dominant current themes of public discourse (such as homelessness, poverty, housing shortages, and the environment) would have been unrecognisable 50 years ago in NZ. The background and context to these emerging challenges, and their implications for public policy governance and management, is another thread that runs through all 14 chapters of the book

A country that is facing emerging social, environmental, and economic concerns and challenges that are very out of character

A country that had one of the highest material standards of living in the world in the 1950s but has since been experiencing a modest but steady decline
Nevertheless, a series of factors associated with the creative adaptation of public policy ideas can be readily found in the following chapters. They include NZ having only a single Parliamentary Chamber and Westminster form of government that affords great power to executives and civil servants, a centralised form of government, a citizenry that is given to robust and vocal debate on public issues, a professional and competent civil service, and a small economy that since the 1970s has been subject to international forces and shocks requiring vigilance and responses by the State. The small population and size of civil service might also play a role, making resources scarce and indeed of sound management. And being perennially a bit dissatisfied with past achievements is perhaps also a reason that new policies are often being pursued with enthusiasm.

There may be additional factors, too. Of interest is also the high integrity ranking of NZ, especially the NZ public sector. NZ does not have a story of, say, redemption. The ethical climate just seems to have always been there; one can almost feel it in the air. Having a strong integrity climate focuses on doing the right things and doing them in the right ways. It supports having robust debates, being accountable, and dealing with consequences of policy decisions in proper and humane ways. There are things that are just not done, or only at great cost to one’s career and livelihood should ‘it’ become known. Of course, there are also ‘behind-the-scene’ games and legal loopholes that one wishes would be closed, and NZ is too small to ignore one’s many acquaintances. But a focus on integrity is surely also the NZ way.

Going further, it is not only the tendency to choose good strategies and policies, but also the capacity to adapt them wisely, as well as continuously improving their effectiveness by making adjustments as one learns and goes along, that is a characteristic of NZ’s public policy landscape. We are not wise enough to know all the consequences of public policy in advance; we need to focus on the destination, the process for getting there and on addressing what comes up in an agile manner. We need to produce good outcomes and work in ways that are consistent with our values. Thus, nothing stays in place for very long in NZ; there is constant assessment and change and improvement. We think that the constancy of change (having ‘fleetness of foot’) has allowed NZ to be an effective adapter.

Still, it must be observed that performance in some areas is much better than in others in NZ. On the very positive side, agricultural performance is strong, world-class and continuously improving. NZ does provide a model for how a small, agricultural society can be so prosperous. Public sector performance management tools are effective and often leading, no doubt. Civil servants are motivated to find the next new practices that make things better and are rewarded for that by career or job opportunities. The performance of its fiscal management is impressive. Readers should be taken in by Chapters 5, 8, and 10 for example.

NZ is also well known for its progressive social policies. Whether it is retirement benefits (2/3 of the median income), marriage/civil union rights, or nearly free access to universal health care and public education, NZ does stand out as a model for the modern welfare state. It has pursued very innovative initiatives with regard to indigenous rights. No doubt in all these areas more could still be done. Readers will find ample material on these matters in this book (e.g., in Chapters
1, 2, and 4). For a small country, NZ also manages to command more positive attention in the international media and policy circles than one might expect for its small size.

On the other side of the ledger, Chapter 3 highlights long-enduring concerns associated with low economic productivity and outmigration, that reflect inadequate development of new business opportunities and economic sectors. While there are some international niche successes (film industry, accounting software, and boating), this list is too small. Public policy seems lacking in these areas. Environmental governance shows a mixed record too (Chapter 13), and while the book does not discuss housing and secondary education, those sectors do not measure up against the highest world standards.

Why does NZ underperform in these areas? We do not know, but speculate that UK and US policy models, which so often provide a source for NZ adoption and improvement, have themselves had little to show for in these areas in recent decades. NZ could do well to learn from a broader set of countries and experiences. Persistent weaknesses in the above areas have been a constant in recent times, regardless of voter dissatisfaction and the policy preferences of successive governments.

Therefore, NZ has good experiences worth sharing with the world, while at the same time seeking to improve its performance as well. Whether or not others can learn from the experiences described in this book is not for us to say. Each country, NZ included, must come to understand and deal with its own aspirations and conditions. We hope this book may help in the sharing of policy and governance practices around the world.

The following overview of the contents of the chapters in this book may guide readers to relevant chapters and topics.

Structure of the Book

The book is organised into two parts. Following the introduction and overview chapters, the first part traces the evolution and impact of public policy as it relates to economic, social, cultural, agricultural, sustainability, and wellbeing dimensions. The second part discusses public governance and governance reforms. It starts with an overview of these reforms, and then focuses on governance as it relates to transparency and integrity, fiscal and monetary matters, digital government, and the environment.

Chapter 1, *New Zealand in the Making: Past and Present* (Gary Hawke), provides a broad introduction to NZ for an international audience. It discusses current institutions of governance in NZ, emphasising how the culture of NZ is reflected in how government works. It traces the evolution of the public policy agenda in the past 50 years in ways that inform the longer-term movements of public policy debate as set out in later chapters. It also provides a discussion of NZ social and economic conditions and concerns (e.g., highlighting Māori policies, inequality and poverty, while also noting NZ leadership in some social policy areas).

Chapter 2, *Social Laboratory: Reality or Myth?* (Colin James), traces the historical roots of social progressive policies in NZ, through the early founding. It covers the expansion of the welfare state since the 1930s, providing greater
redistribution, much expanded public services, and increased roles of unions. It
discusses innovative policies that have had far-reaching effects, such as the no-
fault, state-administered scheme of accident compensation (replacing unpredict-
able and expensive tort law), and NZ’s social security scheme which provides all
residents with a generous baseline amount tied to the median average wage. It also
notes official recognition of Māori culture and biculturalism (subject of Chapter 4).
It discusses the decriminalisation of homosexuality and subsequent reforms.

Yet, despite these and other advances noted, many major issues remain and
may be increasing, such as relating to families, child poverty and health, mental
health and other issues that require continuing innovative efforts today.

Chapter 3, Economic Performance: A Prosperous, Very Distant Economy
(Michael Reddell), deals with managing the small economy of NZ. While ‘small’
may be overstated (many advanced countries have less than 10 million people),
for decades NZ has had among the very highest per capita incomes in the world.
How has this been achieved?

This chapter examines major public policy tools that contributed to this out-
come, including innovative institutional overhauls and various ambitious inte-
grated reforms, underpinned by rigorous analysis, courageous politicians, and
having a small, single chamber legislature. There have also been favourable exog-
enous factors such as liberalisation of global agricultural and other trade. Not all
outcomes have been favourable in the past decade (e.g., housing is recognised as
a major public policy failure). The chapter concludes that today’s policy seems
reduced to: (a) maintaining macro stability and (b) responding in a scattergun
way to emerging symptoms and calls for increased analysis and depth among
political parties to address deepening specific issues.

Chapter 4, Māori Interests and Rights: Four Sites at the Frontier (Maria Bargh
and Carwyn Jones), discusses four areas that concern public policy related to
Māori: ‘Tangata Whenua’ (public policy relating to the recognition of the rights
of Māori as people of the land); ‘Rangatiratanga’ (constitutional dimensions of
public policy, including the important Waitangi Tribunal); ‘Kaitiakitanga’ (inno-
vative public policy approaches to the relationship between communities and
the natural environment); and ‘Iwi Taketake’ (public policy in the context of the
rights of Indigenous peoples and the international human rights framework).
Each of these is used to illustrate, in particular cases, Māori policy and legal tra-
nitions and innovation, as well as Crown policy and practices, and frontiers the
Crown continues to find too startling to cross.

Chapter 5, Agriculture: Continued Strengths (Frank Scrimgeour), explores the
background and context for NZ’s strengths in agriculture, which continues to be
an important part of its economy. This chapter discusses the role of agriculture in
NZ’s social and economic history, and current practices examining structure and
change of this sector, agricultural productivity and incomes, and environmental
pressures and responses. It then examines the public policy responses and the
supporting apparatus that have helped this sector perform so well. Key aspects
covered are policy frameworks, agricultural facilitation (e.g., biosecurity), innova-
tion and public-private partnerships (e.g., in education), competition policy (and
link to environmental policies), and trade policy and export facilitation.
Chapter 6, *From Growth to Wellbeing: Evolution of Policy Frameworks* (Arthur Grimes), notes the recent trend in NZ and internationally towards wellbeing and living standards frameworks (LSFs), while emphasising that NZ was also a pioneer in the welfare state. NZ already ranks highly on measures of average wellbeing but performs quite poorly relative to other developed countries on inequality and per capita GDP vs Subjective Wellbeing. The chapter also covers the new government’s commitment to a ‘wellbeing’ budget for 2019, and to reinserting the ‘four well-beings’ back into the Local Government Act. It closes with a discussion of the Treasury’s LSF and policy challenges going forward, including policy areas and metrics.

Chapter 7, *On Sustainable Development* (Les Oxley and Mubashir Qasim), discusses how in NZ sustainability has become embedded in discourse, policy and theory. It emphasises that if wellbeing, especially intergenerational wellbeing, is an objective of public policy, then we should be concerned not only about the sustainability of the natural environment (which is of course critical), but also the sustainability of the various other sources of wellbeing (social as well as economic). Against this background, the primary aim of the chapter is to assess whether NZ’s public policy and governance have been supportive of *sustainable development*, that is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

Chapter 8, *State Sector Governance Reform: Past Experience, Contemporary Challenge* (Graham Scott), discusses the well-known reforms of NZ public governance of the 1980s and 1990s, and their continuing implications and relevance for performance today. NZ’s reforms, or its early reforms at least, have been described by various commentators – supportive, neutral, and critical – as having an unusual conceptual coherence. The chapter establishes the concept and dimensions of public governance and provides in-depth discussion of the mainstay early reforms and what they have achieved in service delivery, devolution, managerialism, coordination, and policy advice. It also notes other achievements that are discussed in later chapters such as improved fiscal management and accountability. These early reforms continue to be relevant to NZ today and are still sought by other countries.

Chapter 9, *Strengthening Integrity Systems: Complacency Versus Confidence* (Suzanne Snively), explores the background to NZ’s high international ranking on Transparency International’s corruption index. It examines the role of integrity in public governance from a NZ perspective, and provides a discussion of the role and evolution of institutions in integrity/anti-corruption management. It offers an assessment of the current situation and challenges, and discusses tools of integrity, such as generating discussion among public sector leaders, the roles of audit, internal audit, risk management, the strengths and weaknesses of whistle blowing/protective disclosure, demonstrating a trusted tone at the top through transparency, accountability in every action taken, anti-corruption training that is annually refreshed for everyone, strong anti-corruption knowledge and more.

Chapter 10, *Fiscal Policy Governance: A Focus on Principles* (Robert A. Buckle), discusses New Zealand’s fiscal policy governance arrangements. First established 25 years ago, the approach emphasises fiscal principles and reporting provisions