

**PUBLIC SECTOR MANAGEMENT IN NEW
ZEALAND: LESSONS AND CHALLENGES**
Graham Scott

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Public Sector Management in New Zealand: Lessons and Challenges. Graham Scott; Wellington, Australian National University, 2001, 407 pages

During the last two decades, New Zealand's public sector reforms have attracted the attention of academics and civil servants all around the world. The changes in New Zealand's management, budgeting, and human resources systems have been considered a model, or at least a necessary reference for any country trying to modernize its public sector.

However, in spite of this global interest, the number of academic articles and books dedicated to analyze carefully what has been called the New Zealand model has been very limited. Moreover, existing studies (with some exceptions like those of Jonathan Boston et al. and Allen Schick) have focused attention in a particular area of the reform, but have not analyzed the public sector reform as a whole.

In this sense, the new book by Graham Scott is very good news for those interested in New Public Management for at least two reasons. First, it is a book written by a senior public servant who has been one of the intellectual designers of this managerial revolution. Second, it is a book dedicated to describing the complete process of reform in New Zealand, from the beginning to the current situation.

For instance, in the first two chapters of the book, Scott describes the hard economical and fiscal conditions that originated the process of reform, presents the influence of different theoretical approaches that underlie the managerial changes, explains the political conditions that allowed such a radical restructuring process in the functions and scope of the central public sector, and presents the most important structural elements of the new model of public management of the country.

The third chapter is different, because here Scott discusses the principal arguments of other politicians, public administration specialists, and foreign reviewers of New

Zealand's public sector management reforms. This chapter might be particularly interesting to those who want a more balanced perspective of the reforms, since it synthesizes the critiques of persons who have analyzed the new model of the public sector as a whole. In this sense, it should be said that Scott maintains throughout the book a rich intellectual debate, especially with Allen Schick's arguments.

From the fourth to the eleventh chapters, the style is changed in order to present a more complex description. Simultaneously, Scott describes the main features of New Zealand's public sector management, and he presents several examples that help the reader understand both the theoretical and practical sides of the model. In these chapters Scott explains the limits of accountability in the new system, the new contractual relationships between ministers and chief executives, the rationality of output-oriented agreements, the differences between the ownership and the purchase interests of government, the procedures for appointment and dismissal of top public servants, the legal arrangements for the Crown Entities, and the strategic management system of the central government.

Finally, Scott dedicates the last section of the book to discussing some tendencies of change that might occur during the government of Hellen Clark, and exposes some of the points he thinks may be reviewed in order to improve the functioning of the state sector. In this way, the author concludes an extraordinary description of New Zealand's public sector management, and the book takes its place as a classic in the growing field of comparative New Public Management literature.

However, *Public Sector Management in New Zealand* is not just a complete and clear description of the kiwi model of public administration. As the subtitle of the book says, it is also a review of the lessons and challenges this particular model has faced since its beginnings. Based on his long experience as a senior public servant, Scott really knows the strong and the weak points of this system, and in every chapter he presents a balanced perspective that is useful for understanding New Zealand's public sector reform experience in its adequate measure.

For instance, Scott describes clearly how the substitution of an input/process-oriented mentality by an output/results-oriented mentality has improved the efficiency of the public sector, the accountability of chief executives in their relationships with ministers, the transparency of the budgeting process, and the flexibility in the use organizational resources. He also argues that the new mechanisms for contracting top public servants have promoted better performance in public organizations, while preserving the traditional apolitical and impartial advice to the ministers of different political parties.

On the other hand, Scott's professional experience allows him to analyze very critically some aspects of the public sector management model that have been problematic in these two decades. The legal framework of the Crown Entities, for example, is still confusing and should be reviewed; the role of the central agencies as coordinators of the state sector needs to be stronger, especially that of the State Services Commission; the contractual model that has produced stronger accountability relationships also has caused short-term focused behaviors; the agencification of the public sector has limited the risks of policy capture, but has also produced a lack of coordination in some policy areas; output pricing is still underdeveloped in areas where there is no contestability; there has been little evaluation effort in order to know the real

impacts of the reforms; chief executives need to improve their skills in several managerial areas that are necessary for the new system; and, members of Parliament should try to learn more about purchase and performance agreements.

Since the book presents in detail all the topics mentioned above, the scope of the book is considerable. In this sense, Scott could probably have left out some material without affecting the logic of the text, and reading the book would be faster and easier. On the other hand, even if he tries to link the changes of the last five years to the new electoral system (Mixed Member Proportional—MMP), there seems to be more to say about the consequences that MMP has brought to the dynamics of the public sector management system.

However, these details do not really affect the content of a book that is clear, precise, and balanced in the judgements expressed. Besides, as Allen Schick wrote in his foreword to the book, “no one is better positioned to tell the story of New Zealand’s transformation from a command and control administrative system to a performance-driven public sector than Graham Scott” (xv). I am sure that anyone who wants to learn about the New Zealand model will find this absolutely true.