Introduction

New Zealand’s public sector reforms since the mid-1980s, both at the central and local government levels, have attracted world-wide recognition, interest and commendation. Regarded as the most radical, comprehensive and innovative example of the ‘new public management’, the ‘New Zealand model’ – as it is now called – has been closely scrutinized by reformist governments in numerous developed and developing countries and has inspired many of the public management changes which have been occurring around the globe during the past decade. This article outlines the key features of the New Zealand model and considers its major strengths and weaknesses. In so doing, the article draws attention to some of the tensions generated by the greater reliance on company structures within the public sector and the limitations to the new forms of contractualism.

The Key Features of the New Zealand Model

Since 1984 virtually every aspect of New Zealand’s public sector has been redesigned and reshaped, if not fundamentally transformed (see Boston, et al., 1996; Scott, Bushnell and Sallee, 1990; Schick, 1996; Wistrich, 1992).

As in many other countries, New Zealand’s reforms have had multiple objectives. The most important have been to improve efficiency, effectiveness and accountability (both political and managerial). But other objectives have also been in evidence: reducing public expenditure; diminishing the role of the state; enhancing the quality of the goods and services produced (or funded) by public agencies; and making public services more accessible and culturally sensitive. The last of these goals has become increasingly important in recent years, partly because of New Zealand’s growing ethnic diversity but also because of the spreading recognition that the country’s indigenous people – the Maori – have distinctive rights and interests which need to be protected.

With few exceptions, New Zealand’s reforms are consistent with the ideas, principles and doctrines of ‘managerialism’ or the ‘new public management’ (Hood, 1991). Equally, many of the reforms have
close parallels in some other OECD countries (see Boston, 1996; Davis, Sullivan and Yeatman, 1997). These include: a systematic programme of corporatization, privatization and commercialization; a greater reliance on competitive tendering and contracting out; the devolution of human resource management to the chief executives of individual departments and agencies; a move from cash-based to accrual accounting; improved systems of budgetary control; a greater reliance on financial incentives; and major changes in institutional design, including the placement of many service-delivery functions in separate, non-departmental agencies.

In addition, the New Zealand model embraces a number of distinctive features which have not, as yet, been adopted to the same degree in other jurisdictions. Amongst these are the following:

- an extensive use of ‘contractualist’ devices to govern the relationship between agents and principals within the public sector, as well as between public and private organizations. The most significant of these devices are the annual performance agreements between ministers and departmental chief executives, the annual purchase agreements between ministers and departments, and the annual purchase (or funding) agreements between those agencies purchasing and those providing various services (e.g. health care). Various other documents of a quasi-contractualist nature include statements of corporate intent, statements of objectives, and charters;
- the implementation of a comprehensive system of strategic management under which ministers specify their key strategic objectives over the medium term and use these to set departmental priorities. Significantly, the new strategic management regime is integrated with both the annual budget cycle and the performance management system for departmental chief executives, thereby ensuring a degree of policy coherence and bureaucratic responsiveness which would otherwise be lacking (see Boston and Pallot, 1997);
- the minimization of provider (or bureaucratic) ‘capture’ via the vigorous pursuit of organizational specialization and the decoupling of potentially conflicting functions. This has been manifested in the functional separation of commercial and non-commercial functions, the separation of advisory, delivery and regulatory functions, and the related separation of the roles of funder, purchaser and provider; and
- a financial management system involving not merely accrual accounting but also an output-based (rather than input-based) system of appropriations, the application of capital charges to most public sector organizations and a distinction (for the purposes of resourcing, monitoring and accountability) between the Crown’s ‘ownership’ and ‘purchase’ interests.

By the mid-1990s, the foundations of the new-look public sector had been laid and the main reforming legislation enacted (e.g. the State-Owned Enterprises Act 1986, the State Sector Act 1988, the Public Finance Act 1989, the Health and Disability Services Act 1993, and the Fiscal Responsibility Act 1994). Since then, however, various additional changes have been made. The programme of corporatization and privatization has continued, albeit more slowly than during the late 1980s and early 1990s. By early 1999, well over 20 SOEs and other substantial state assets had been sold, representing more than two-thirds of the state’s commercial assets. Quite apart from this, there have been reforms (or the announcement of reforms) in many other parts of the state sector, including the funding and regulation of tertiary education, the provision of accident compensation insurance, the purchasing of health services, the funding and management of the roading network, and the organization and delivery of employment services. Substantial departmental restructuring has also continued, partly prompted by the continuing quest to separate policy from operations and partly in response to particular political imperatives.

By the late 1990s the central government bureaucracy in New Zealand consisted of nearly 40 departments (including three central agencies), more than a dozen (mainly small) State-Owned Enterprises, three Offices of Parliament (the Office of the Ombudsman, the Parliamentary Commissioner for the Environment, and the Office of the Controller and Auditor-General), and around 2850 crown-owned entities (of which there are about 2650 school boards of trustees, 35 tertiary institutions, 22 crown health enterprises, and nine crown research institutes). In addition, there are at least five other
organizations which, strictly speaking, cannot be classified in any of the above categories: the New Zealand Defense Force, the Police, the Office of the Clerk, the Parliamentary Counsel Office, and the Parliamentary Service.

At the close of the millennium there were around 250,000 staff employed in central government and approximately 20,000 employed in local government (with another 15,000 working for organizations contracted to provide local services). Of those employed in central government, about 31,000 worked in the ‘core’ public service (i.e. government departments), fewer than half the number in the mid-1980s. This huge reduction in staffing levels has been due primarily to contracting-out, corporatization, privatization and natural attrition. There have also been a large number of redundancies, with up to 4 per cent of state sector employees being given severance payments in any one year (State Services Commission, 1998, p. 14). The figures outlining current employment levels within the public sector underscore the fact that New Zealand remains a highly centralized polity – unlike the situation, for instance, in Scandinavia. Thus, despite the large-scale administrative changes in recent years, virtually all major public services (including social welfare, education, health care and housing) continue to be funded and provided at the central government level. Although proposals for devolving certain responsibilities to the sub-national level have been mooted, they have met with little support. This reflects a widespread belief amongst central government politicians and bureaucrats that local government has only limited competency and capacity, and that devolution would result in greater duplication and inefficiency.

New Zealand’s public sector reforms must not be seen in isolation. Rather, they have been part of a coordinated and much broader strategy of economic, social and political reform, the central aims of which have been to boost the country’s rate of economic growth, redefine the role of the state and enhance the quality of the democratic process. With respect to economic policy, the fourth Labour government (1984-90) embarked upon a comprehensive and ambitious liberalization programme covering virtually all aspects of economic policy (including financial market liberalization, labour market deregulation, and the removal of most forms of industry assistance) (Bollard, 1992; Kelsey, 1995). With the election of the National government in late 1990, major changes were made in the broad field of social policy, including health care, housing and social security. In brief, these changes were designed to increase the degree of targeting of social assistance, lessen the reliance on in-kind assistance while giving more weight to cash transfers and vouchers, reduce the real value of most welfare benefits, and separate the state’s roles of funder, purchaser and provider (see Boston, Dalziel and St John, 1999; Kelsey, 1995). Various reforms of a constitutional nature have also been enacted in recent decades. Amongst the most important are the Official Information Act (1982), greater political and legal recognition for the Treaty of Waitangi (1840), the passage of the Bill of Rights Act (1990), and the introduction, in 1996, of a form of proportional representation based on the German model (see Boston, 1998). Each of these changes has had significant consequences for the management and operations of the public service.

Many international observers have expressed astonishment at the capacity of recent governments in New Zealand to undertake such sweeping reforms. The explanation, however, is relatively simple. New Zealand is a highly centralized, unitary state with a unicameral Parliament and no written constitution. Until the introduction of proportional representation in the mid-1990s it had experienced single-party majority governments for more than half a century. In these circumstances, there were few constitutional or political constraints upon governments which were committed to comprehensive reforms. Interestingly, too, bureaucratic resistance was relatively muted. This reflected the strong support for reform from key ministries like the Treasury, an acceptance within the public sector of the need for change, and the absence of coordinated or vigorous opposition from the major trade unions.

Promise versus Reality: Is the New Model Working?

But what have New Zealand’s extensive bureaucratic reforms actually achieved? Have they fulfilled the hopes and aspirations of their designers? Are public services now of a higher standard and more accessible? Are they delivered more effectively and efficiently? Does New Zealand now have a government that ‘works better and costs less’?

Unfortunately, such questions are not amenable...
to simple or straight-forward answers. For one thing, any analysis of reforms of the magnitude undertaken in New Zealand raises many difficult methodological and conceptual issues. For another, the available quantitative and qualitative data concerning the costs and benefits of some of the changes is relatively sparse. One reason for this lies in the failure to evaluate the reforms in a detailed, rigorous and systematic fashion. This reflects the absence of a tradition of serious policy evaluation within the Wellington bureaucracy, coupled with a dearth of funding for external reviewers. Surprisingly, for a country which has led the world in its preparedness to experiment with new approaches to public management, the prevailing attitude amongst many policy makers, especially within the Treasury, is that policy evaluation is of only limited value. It is also argued that evaluation runs the risk of stifling innovation, thereby inhibiting desirable policy changes (see Bushnell, 1998, p. 367). The counter argument, of course, is that in the absence of proper evaluation it is impossible to determine whether new policy initiatives have been worthwhile or not.

But it would be wrong to suggest that there has been a complete absence of evaluation. Since 1990 two important independent studies of the reforms have been commissioned by the government: the first under the leadership of Basil Logan in 1991, and the second by a leading American public policy specialist, Professor Allen Schick in 1996. Further, there have been some excellent case studies of specific reforms, such as the analysis of the efforts by the Department of Social Welfare to improve the quality and efficiency of its service-delivery functions (see Petrie, 1998). More recently, the State Services Commission – the body responsible for the performance of the core public sector – has commenced a series of reviews of some of the key reform initiatives.

Nevertheless, such studies and reviews have left many questions unanswered and have failed to provide robust or conclusive answers concerning the overall merits of some important aspects of the new policy framework. For instance, there is still only limited data on the financial costs of restructuring, the savings achieved from various forms of outsourcing, the transaction costs (i.e. the costs of drafting, negotiating, monitoring and enforcement) associated with the new systems of internal and external contracting, the costs and benefits of the new performance management regime (including performance-based pay), and the impact of the reforms on staff training, competency and skill levels.

Having said this, the data which is currently available indicates that the reforms have brought significant gains in many areas. There is evidence, for instance, of greater productive efficiency (especially in the commercial parts of the public sector), improvements in the quality of certain services (e.g. the time taken to process applications for passports and welfare benefits has been drastically reduced), better expenditure control, better management of departmental budgets, greater managerial accountability, and major improvements in the quality of information available to policy makers (see Boston, et al., 1996; Duncan and Bollard, 1992; Spicer, Emanuel and Powell, 1995). Furthermore, research indicates that the vast majority of senior Officials and ministers believe that the new model of public management is superior to the previous bureaucratic order. Indeed, it is difficult to find any senior policy adviser or manager who would advocate returning to the former centralized, inflexible, input-driven, rule-bound policy regime.

Equally, however, the reforms have not been devoid of flaws and deficiencies. For instance, the devolution of responsibility for human resource management has undoubtedly enhanced staffing flexibility and efficiency at the agency level, but it has also hindered the implementation of service-wide initiatives in areas like training and succession planning. Additionally, it has intensified the competition between departments for staff with skills in short supply, thereby bidding up salary levels. Administrative decentralization has also made it more difficult for the State Services Commission to pursue policies requiring extensive inter-departmental cooperation and coordination, such as the development of an integrated approach to information technology and the building of a unified Senior Executive Service.

On another front, there has been a steady stream of cases involving allegations of sleaze, cronynism and corruption – though whether unethical behaviour by officials (be they elected or otherwise) has risen or fallen as a result of the reforms is probably impossible to determine. Not merely have junior officials in various public agencies been found guilty of fraud and other abuses, but there have also been criminal cases involving public servants at the highest level. Without question the worst example con-
cerned Jeff Chapman who was found guilty on numerous counts of fraud while serving as the Controller and Auditor-General. Behaviour of this kind by the person responsible for ensuring the efficient, effective and honest use of public funds has done little to inspire confidence in the new public service.

Concerns about the ethical standards of officials have doubtless been of less importance in influencing public attitudes towards the reforms than anxiety about the quality, reliability and accessibility of public services. Throughout the years of reform, governments have pursued a strategy of fiscal restraint. As a result, public expenditure on the administration of the core public sector has declined significantly, both in real terms and as a proportion of GDP. This has had a discernible impact on the capacity of various departments to undertake their statutory obligations and fulfill the terms of their purchase agreements. Inevitably, too, certain service-delivery agencies have been placed under severe pressure, with high levels of staff ‘burn-out’, excessive staff turnover, low morale, and deteriorating standards of care (e.g. mental health services and social work services). There have also been cases where people have lost their lives as a result of government agencies failing to observe appropriate standards of safety. The worst such example occurred in April 1995 at Cave Creek on the West Coast of the South Island when fourteen young people died following the collapse of a viewing platform which had been improperly constructed by staff of the Department of Conservation (see Gregory, 1998). Tragedies of this nature highlight that even relatively sophisticated performance management systems are still vulnerable to human error.

As one might expect, many other policy issues and concerns have been generated by New Zealand’s public management reforms. Since it is not possible to examine them all in detail here, I will concentrate on three specific matters: the problem of using commercial bodies to undertake the provision of social services; the limits to internal contracting; and the risks and costs associated with constant organizational restructuring.

1. Delivering Social Services via Commercial Bodies

During the initial wave of structural reform in the mid-to-late 1980s, functions of an essentially commercial nature undertaken by departments were hived-off and placed in separate, publicly-owned companies known as state-owned enterprises (SOEs). In accordance with Section 4 of the SOE Act, these new bodies were required to be as ‘profitable and efficient as comparable businesses that are not owned by the Crown’. At the same time, however, they were legally obliged to display a ‘sense of social responsibility by having regard to the interests of the community’ in which they operate. As expected, the question of how these conflicting imperatives should be balanced has generated a good deal controversy. Specific issues to date have included the delivery of mail in rural areas, the provision of banking services to isolated communities, and the supply of electricity to remote locations.

For their part, the boards of the new SOEs have been reluctant to maintain loss-making services, particularly in the absence of government subsidies. Against this, community groups have protested vigorously when public services have been reduced or cut altogether. Meanwhile, ministers have generally refused to provide direct subsidies (notwithstanding the legislative provision for them to do so) on the grounds that public funds are limited, that subsidies should only be provided as a last resort, and that in many cases SOEs have the scope to undertake a degree of cross-subsidization if they wish to do so. The unwillingness of ministers to intervene has led a number of local communities to seek legal remedies, with the aim of forcing ‘commercially-driven’ SOEs to act in a ‘socially responsible’ manner. But the courts, on the whole, have adopted a non-interventionist stance, preferring to leave the question of what services should be provided and on what basis to the managers and politicians most directly concerned (see Taggart 1990). This has left many communities feeling neglected and powerless. More generally, it has raised questions about the degree to which the commercial parts of the public sector are any longer within the orbit of democratic control.

Since the early 1990s, the problem of combining social responsibilities with commercial imperatives has been given added urgency as a result of the National government’s decision to apply many of the principles of the SOE Act to a number of key social services, most notably public housing and hospitals (see Easton, 1997; Kelsey, 1995).

In the case of health care, the former Area
Health Boards (which ran the country’s hospital network and various related health services) were transformed into so-called Crown Health Enterprises (CHEs). In accordance with the Health and Disability Services Act 1993, the 22 CHEs (which are companies with government-appointed boards) are supposed to operate as ‘successful and efficient’ businesses. Yet they are also required by the Act to ‘exhibit a sense of social responsibility’ and ‘uphold the ethical standards generally expected of providers of health services or disability services’. It is fair to say that the CHEs have had serious difficulties reconciling these conflicting objectives. Such problems have been accentuated by severe government funding constraints (particularly during the early-to-mid 1990s) and the fact that there is only limited provision for the application of user-charges. Notwithstanding the statutory obligation to be commercially successful, few of the CHEs have made even a small operating surplus since their establishment, and certainly not a commercial rate of return; in fact, most have made significant losses. As a result, debt levels have increased, thereby forcing the government to make new injections of capital in order to keep the businesses viable. Meanwhile, most CHEs have had little option but to cut their provision of non-urgent services with the result that waiting times for many forms of non-acute surgery have substantially increased. Politically, this has been very damaging for the government.

The government has sought to alleviate such problems by incorporating a much stronger social mandate into Housing New Zealand’s statement of corporate intent (SCI). For instance, new provisions have been added dealing with housing applicants, rental policies, vacancy levels, purchasing policies and the configuration of the company’s housing stock. It is still to early to assess to what extent these new directives have brought about the desired changes to the company’s priorities, internal management, corporate culture and client responsiveness. What is clear, however, is that they have not resolved the inherent tension between the statutory requirement to operate as a successful business and the obligation to assist large numbers of disadvantaged, vulnerable and marginalized people.

In terms of institutional design, the recent experiments in the areas of health care and housing raise serious questions about the merits of using for-profit companies to deliver major, publicly-funded, social services. This applies irrespective of whether the companies are publicly or privately owned. The simple point is that the incentives on commercial firms are to maximize their net worth (or their financial returns to shareholders). Where such firms also have statutory responsibilities to meet citizen’s needs and where they are largely publicly-funded, there are bound to be tensions. Such a conclusion underscores the fact that organizations ought to be fashioned to suit the particular purposes for which they exist. Any presumption, therefore, that commercial organizations are necessarily the best vehicle for delivering services (regardless of their attributes and purposes) or that ‘one-size fits all’ must be firmly rejected.

2. The Limits to Internal Contracting

As already noted, the New Zealand model of public management relies heavily upon contractualist devices to govern intra-organizational, inter-organizational and interpersonal relationships within the public sector. Underpinning the development and implementation of such devices has been the objective of clarifying principal-agent relationships, thereby (hopefully) reducing agency costs and transaction costs and enabling principals to hold their agents to account. In other words, the new contractualist instruments provide a mechanism for...
enhancing hierarchical control (both by ministers and senior managers), clarifying expectations and aligning the interests of the parties involved.

In New Zealand most of the new contractualist devices have taken the form of classical contracts. That is to say, they are usually written, often comprehensive, and signed by the parties directly involved. However, they are not necessarily ‘agreed’ or ‘negotiated’ in the normal sense of these words. Instead, agents are usually obliged to sign the relevant documents (e.g. a performance agreement) unless they have very strong reasons for not doing so. Equally, many of the documents which are commonly described as ‘contracts’ are not legally enforceable. Moreover, even when they are legally binding there may be little practical scope for using the courts as a means of enforcement. For instance, many of the purchase agreements between health care purchasers and CHEs have taken the form of legally-binding contracts. Yet ministers have informed the boards of the respective organizations that they will not tolerate public funds being used to litigate the contents of such agreements. Instead, if problems arise (e.g. if a CHE fails to deliver the required quality or quantity of services) they are expected to be resolved via other means – at the political level if necessary. For such reasons, most of the new contractualist devices are more like implicit or ‘relational’ contracts than classical contracts (see Williamson 1985).

There can be little doubt that contractualism has brought benefits of various kinds, particularly in terms of making it much clearer what agents are supposed to do and how their performance will be assessed. However, the experience of the past decade also illuminates the weaknesses and limitations of contractualist approaches. Some of these are already well recognized in the literature (e.g. high transaction costs, the problem of goal displacement, and the related development of a check-list mentality in which individuals only give attention to the matters specified in the contract and ignore their wider professional or ethical responsibilities) (see Schick, 1996; Davis, Sullivan and Yeatman, 1997). But there are other drawbacks which also deserve mention.

First, using contracts of various kinds to manage the relationships within and between public agencies does not resolve any of the fundamental tensions which occur in these contexts. It does not, for instance, reduce conflicts over resource allocation, or assist with priority-setting, or overcome differences of view over what tasks should be undertaken and by whom. Equally important, contracts are of dubious value in an environment characterized by limited and/or asymmetrical information, arbitrary prices, monopoly supply, and uncertain demand (State Services Commission, 1998, p. 10). Such an environment is common in many parts of the public sector. The provision of health care is a good case in point.

Prior to the move to separate the purchasing and provision of secondary health services, the Area Health Boards were largely bulk funded by the Ministry of Health. Contractual relationships were very loose. However, when the new Regional Health Authorities were established in 1993, much effort was expended in developing very detailed and highly specific purchase agreements. These agreements endeavoured to cover all the services (or outputs) to be provided, with precise volumes and prices being negotiated for each kind of service. Not surprisingly, this approach generated numerous difficulties. For instance, the absence of a market for most secondary health services and the lack of good-quality information on the costs of provision meant that it was very hard to establish fair prices. As a result, negotiations between purchasers and providers were protracted and acrimonious, and led to lengthy delays in signing contracts (Stent, 1998).

Likewise, efforts to specify the quantity of each service to be funded (from open-heart surgery to hip replacements) tended to reduce the flexibility available to providers. Quite apart from this, the wisdom of determining precise quantities in advance where providers have little or no control over the level of demand is highly questionable.

Second, the use of contracts does not necessarily enhance political and managerial accountability. Indeed, in New Zealand problems of accountability have continued to plague various parts of the public sector, notwithstanding the widespread deployment of contracts. Thus, when the ill-fated viewing platform collapsed at Cave Creek, the fact that the Minister of Conservation had both a performance agreement and a purchase agreement with his departmental head was of no assistance in determining how responsibility for the tragedy ought to be shared between those directly implicated. Similarly, the enormous investment in contracts in the health sec-
tor has not prevented service quality standards from being poorly defined; nor has it guaranteed adequate external monitoring of service performance by the Crown’s purchasing agents (Stent, 1998).

Some of the new contractualist devices in New Zealand have also tended to complicate, rather than simplify, existing accountability relationships. For instance, many Crown entities in New Zealand have been deliberately established at an arms-length relationship to the government, with ministers appointing boards to oversee the management of their respective organizations. With the development of purchase agreements, however, ministers now have the opportunity, if they so choose, to virtually ‘micro-manage’ many of these bodies. This, of course, runs the risk not merely of reducing their autonomy and independence, but also of making it more difficult to determine who is accountable when sub-standard performance is in evidence. After all, if ministers are constantly interfering in the operations of particular agencies, the respective responsibilities of the government, boards and agency heads are bound to become confused.

Third, as has been widely recognized in various fields of human endeavour, not everything of importance can (or indeed should) be written into a contract. Often the most critical aspects of a relationship cannot be specified in writing. For instance, establishing an productive working relationship between a minister and departmental head does not depend primarily upon the details of their annual performance agreement. Rather, it relies upon the individuals concerned possessing a shared understanding of their respective roles and responsibilities and having a common view about how government’s business ought to be transacted. Much rests, in other words, on generally agreed conventions, values and norms. Equally, as Scott (1997, p.23) correctly observes, ministers and their senior advisers cannot operate without a high degree of commitment, goodwill, integrity, trust and reciprocity. Such ingredients are not amenable to inclusion in a contract. By the same token, formal contracting cannot work without them.

3. Restructuring the Machinery of Government

For many public servants, one of the worst aspects of the reforms has been the constant process of restructuring. Since the mid-1980s most departments, as well as a high proportion of non-departmental bodies, have been substantially reorganized and re-engineered. In a significant number of cases such restructuring has been undertaken not just once, but many times. The Ministry of Health, for instance, has been reorganized virtually every year for more than a decade. The Ministry of Agriculture has been similarly afflicted. According to the State Services Commission (1998, p.14), as many as a quarter of all public servants are affected by the process of restructuring at any one time.

Constant organizational changes of this nature have been very costly, in both financial and non-financial terms. Many high-quality and dedicated staff have either resigned from the public service or else been repeatedly distracted by the demands of change management. The costs of compensating those made redundant have been substantial. Many departments have suffered a serious loss of institutional memory and policy capability. And numerous public servants have been confronted with repeated, and often protracted, periods of uncertainty; the effects upon morale, commitment and productivity are impossible to determine, but they have not been trivial.

Thankfully, the debilitating consequences of constant bureaucratic reshuffling have finally been recognized by ministers and senior officials. For example, the State Services Commissioner, Michael Wintringham, has spoken about New Zealand having ‘slipped’ into a ‘restructuring culture – a culture in which we reach for the restructuring option instinctively, regardless of the nature of the problem we are trying to solve’ (1998, p. 8). He has also admitted that organizational change can be damaging and disruptive. Accordingly, he has argued that structural solutions should only be adopted when there are clear structural issues which need to be addressed. Whether ministers will heed this advice remains to be seen. The habit of seeking answers to policy problems via the creation or abolition of public agencies is deeply entrenched; the addiction to organizational change will be hard to break.

Conclusion

New Zealand’s model of public management has rightly attracted substantial international attention. There is much in the new arrangements to commend, especially in the areas of human resource management, financial management and strategic management. But there are also grounds for cau-
tion. Many features of the new model have not been properly evaluated. Alternatively, they have not been in place long enough for their full potential to be realized or their limitations to be adequately tested. Equally, some of the changes have not delivered the gains expected or have imposed costs far greater than originally anticipated. For such reasons, overseas observers need to take care in determining which aspects of the New Zealand model there might be wisdom in emulating and which aspects it would be best to reject. In the meantime, there remains considerable scope for further research on the virtues and vices of the reformed public sector. Hopefully, future governments will place greater value on critical analysis and in-depth assessment than has hitherto been the case.

References


