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Julienne Molineaux

Abstract

This thesis analyses the impact of the 1990s new public management reforms in New Zealand on one particular agency, the National Archives. It explores the unique combination of features that enabled this small low-profile agency and its stakeholders to stymie some of the machinery of government reforms that were proposed.

This thesis is a qualitative study that draws on material from primary and secondary sources, with a heavy reliance on official documents. It chronicles the lack of value placed on the archives’ administrative, constitutional and heritage functions by successive politicians and senior public servants. The thesis compares the values of the reformers, who had interests that were not specific to the Archives, and the values of the archiving professionals and their stakeholders, whose perspective was agency and policy-specific. The main reform time periods are 1994-2001, and 2005. While the clash between the two sets of values during this time is analysed chronologically, the thesis provides historical background prior to the reform period. The perspectives of various actors are told in their own words, where possible.

This study illustrates the tensions between the need to co-ordinate the wider public sector with the peculiarities of a specific policy area. It also demonstrates the tensions between the highly theoretical and ideological nature of the public sector management reforms in New Zealand from the mid-1980s, and the values of one group of professionals that were not compatible with these reforms. While the policies of the reformers evolved over time, the values of the archivists were more static. These static values contributed to consistency in their preferred model of organisational design and placement within the public sector.

Ironically the outdated legislation archivists complained about for decades and low political priority the policy area received, bestowed crucial protection against public sector management reforms that were contrary to international archival trends. Following a change in political leadership, the stable of professional values of the archive were adopted, removing archives from the policy change agenda.
Preface

This thesis is a case study of policy change involving New Zealand’s official archives. In 1999 I heard about a court case (a judicial review) in which the interest group the Archives and Records Association of New Zealand (ARANZ) challenged structural reform of New Zealand’s National Archives. Although untrained in archiving or any related disciplines such as records management, librarianship or curation, I had previously worked for ten years in a university archive.¹ This archive was under-funded, under-staffed and, consequently, under-utilised by researchers. My supervisors and I, and staff from the university’s other archives, invested considerable energy into lobbying for more resources. At every stage our case was acknowledged, the wasted research opportunities lamented and the desire to provide extra resources expressed. But these did not eventuate. There were other more pressing and higher profile projects vying for shrinking levels of discretionary funding. We managed to bring the funding and future development of the university’s archives onto the agenda, but did not succeed in moving it up from the bottom of the spending priority list.

In the mid-1990s, while working in the archive, I started my graduate degree in Political Studies. Some of my coursework and dissertation were concerned with neo-liberal economic reform in New Zealand.² One of the features of the reforms in New Zealand, which began in July 1984, was what has been termed the ‘blitzkrieg’ approach.³ The reforms were rapid, comprehensive and largely implemented without electoral mandate.⁴ Reforms covered a wide range of policy areas including aspects of the macroeconomy, employment relations, welfare, health, education, transport, energy, government-owned businesses and broadcasting. Stakeholders who objected to the reforms were shut out of the process; they were viewed as self-interested and advocating protections for

¹ The Robert and Noeline Chapman Audio-Visual Archive, University of Auckland.
themselves at the expense of wider society.\(^5\) The archiving court case therefore caught my interest on two levels: it involved archives and it involved a challenge to (I presumed) government policy. I became curious about a small, low-profile group taking on aspects of reforms that other policy areas had succumbed to.

This thesis was initiated by curiosity. It is an exploration of how the professional values of archivists clashed in a fundamental way with public sector reforms and how a low-profile policy area managed to stave off reform until the political climate softened, leading to a more pragmatic approach to the design of the public sector.

This thesis is critical of the reform process that it describes, and its underlying philosophies. While my experiences as a university archivist were consistent with those experienced within the profession, it should not be assumed that my opinions are always synonymous with those of the archiving stakeholders.

Acknowledgements

I would not have begun this project without the generous support of a University of Auckland Doctoral Scholarship and a University of Auckland Post-Graduate Student Research Fund grant, which enabled me to travel to Wellington. More recently, support has been provided by my employer, the Auckland University of Technology’s Centre for Business Interdisciplinary Studies.

I am indebted to my supervisors for their patience and wise counsel: Dr. Tim Tenbensel, Andrew Sharp and, after Professor Sharp’s retirement, Dr. Jennifer Curtin, who had the unenviable task of inheriting someone else’s project. Practical help from Nicholas Christiansen, Chloe Heffernan, Kim Mazur, Daniel Mesnage and Zooey Neumann made this project more manageable.

This work has benefitted greatly from my contact with interested parties: various people in the archiving community, who, despite being battered and bruised after many years of fighting, gave their time to an outsider; ARANZ for permission to access their archive; and government agencies for their cooperation with what where sometimes obscure and time-consuming requests for information. I would like to extend special thanks to Ray Grover for his generosity with his time and for his goodwill towards me and this project. Thanks, also, to Dr Brian Easton for encouraging me to undertake this project and for helping this Aucklander find her way around that strange place, Wellington.

This thesis has been a part-time undertaking with a long gestation, during which the stuff of life - births, deaths, and everything in between - continued apace. The last eighteen months have been very difficult personally and I would like to thank all those lovely people who gave me space to attend to what needed attending, and who provided support and kind words. Unfortunately I am unable to individually acknowledge everyone who has helped me. I would, however, like to express my gratitude, in particular, to Drs Jane Verbitsky and Heather Devere of AUT for their friendship and unwavering encouragement, my partner Terry Marshall for holding everyone and everything together, Catherine Vile, the Director of CBIS, who cleared obstacles from my path, and my supervisor Jennifer Curtin for her careful attention to the requisite nitty-gritty of paperwork and regulations.

While this thesis would not have been possible without the support and cooperation of many people, errors, omissions and weaknesses are, of course, mine entirely.
~for my mother, who would have been proud~
Note on the use of personal pronouns in this thesis

When discussing the New Zealand Chief Archivist in a general sense, without referring to a specific person holding that position, I have used the personal pronoun ‘she’. This reflects the fact that since 1973, most Chief Archivists in New Zealand, and in particular the Chief Archivist for the period of time under close study, have been female. Where a specific Chief Archivist is referred to, the correct personal pronoun for that person, ‘he’ or ‘she’ is used.

I have used the personal pronoun ‘he’ when writing about the United States Archivist. With the exception of a two year stint by Trudy Huskamp Peterson, this post has been filled by men.
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Chapter 1: Introduction

‘Who controls the past’, ran the Party slogan, ‘controls the future: who controls the present controls the past.’

What is past is prologue

This thesis is a case study of policy change involving New Zealand’s national archives. The issues on the policy agenda were, for the most part, concerned with where and how the archives should be located in the public sector, the most appropriate organisational structure for the central archives and what sort of funding and status it should enjoy. As such, the policy process this thesis analyses principally focuses on machinery of government issues. ‘Machinery of government’ is a term used by the New Zealand government, and others, to cover issues such as the structure of government agencies, the allocation of functions between them and their coordination.

Traditional bureaucracy has a conception of records and archives but in New Zealand the history of archives is, largely, a case study of policy inaction where archivists and their supporters struggled to get their issues onto the political or bureaucratic programme. Decades of policy inaction were punctuated by a series of reform proposals in the 1994-1999 period. This period was marked by a clash of values between the reformers and the archivists, who fiercely resisted the changes. Archivists and their supporters promoted a particular view of the role of an official archive in the public sector. This view had its foundations in archival history and professional archival practices. The ‘reformers’ included non-Archives officials and private sector consultants. They had no specific

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3 *State Sector Act*, 1988 s. 6 (a).
4 See chapter 3, this thesis.
vision about the function of an archive in the public sector; rather, they were motivated by wider public sector management concerns of the time. A survey of public management literature, however, reveals a gap on records and archiving policy. In an example of ‘administrative cloning’ - applying features of one organisation to another organisation - the reformers attempted to apply generic problem definitions and solutions to the area of archives without regard for the peculiarities of the policy area.5 This study provides a richly detailed account of one particular agency’s experience of public sector reforms in the 1990s. It asks the question: how did a small group of stakeholders and professionals, supporting a low-profile policy area, manage to frustrate change during this period? While there are factors unique to this case study, some general lessons are drawn and questions raised. The archives case study demonstrates the importance of understanding the nature of the policy under review, both for policy reasons (designing the best solution to problems), and for strategic reasons (increasing the likelihood of the acceptance of policy changes). It demonstrates the tension between the need to address the problems of the wider public sector, and the problems of specific policy areas. This thesis will use Hood and Jackson’s classification of values from *Administrative Argument* to clarify inherent differences in the way problems are framed and success is defined.6

This introductory chapter begins with an overview of the archives case study which provides a brief synopsis of problems facing archiving in New Zealand. This synopsis signposts issues that are developed later in the thesis through argument and evidence. Signposted issues include the under-funding of archives and the proposition that archives are essential for democratic accountability. The rest of this introductory chapter is an overview of the thesis, comprising research design, methods, sources and structure.

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Archives in New Zealand: the Case Study

Archives New Zealand (formerly the National Archives) is an institution that houses the official records of the New Zealand state plus some other state-related papers, such as those deposited by politicians. The Chief Archivist is responsible for their care and controls access to them. Official records, and the Archives, had a low political and public profile in New Zealand until the mid-1990s. Typically, government attention was placed on infrastructure development and addressing pressing economic and social issues ahead of administrative, constitutional or cultural concerns. The passage of the Archives Act in 1957 saw official recognition for records and archives, but adequate funding did not follow. Under-resourced, the Archives was unable to stop the routine destruction of official records by government agencies. The Archives Act was farsighted when it was passed, but by the 1970s problems with it were beginning to emerge. For example, the original Act did not specify a time frame during which records were made available to the public. Nor was it clear whether its provisions covered universities and local authorities. Drafting new legislation began in 1974, but, for various reasons, this was not passed until April 2005. This thesis is concerned mostly with the 1957 Archives Act regime. The new legislation, the Public Records Act (2005), is discussed towards the end of the thesis.

The records the Archives hold enable scrutiny of bureaucratic and political decisions and are essential for democratic accountability. For this reason record-making and record-keeping systems form part of the constitutional framework. Government agencies are heavy users of the Archives, borrowing back records they have deposited. Records are also used for what in New Zealand is called ‘heritage’ or ‘cultural’ purposes, such as genealogical research and other histories. The Archives is also researched for claims to reparation for past wrongs before the Waitangi Tribunal.\(^7\) This use is constitutional as such claims are holding the Crown to account for past wrongs. However, the information researchers discover about their tribe or sub-tribe’s history also fits into the heritage function of the Archive. While the constitutional–heritage roles of the Archive can clearly be combined, one of the tensions that arose in the 1990s over policy changes

\(^7\) The Waitangi Tribunal is a Commission of Inquiry which hears claims to compensation by the indigenous Māori people arising from illegal land seizures and other wrongs by the Crown, dating back to 1840.
centred on which role should have precedence over the other. As this thesis will establish, different policy actors promoted different roles for the Archives, reflecting different value sets and other issues on their agendas.

The public sector context of this debate was the radical restructuring of the New Zealand public sector in accordance with theories of government organisation that were in vogue from about 1984 to about 1999. They included new institutional economics and managerialism. These theories were not original to New Zealand but were unique in the manner in which they were applied to archiving in New Zealand. ‘Managerialism’ is the application of corporate management practices and theories to the public sector. It is based on an underlying belief in the primacy of technical management over other decision-making, such as decisions based on professional considerations. ‘New institutional economics’ is an umbrella term covering agency theory, public choice theory and transaction cost economics. At the heart of these theories is a belief in human nature that is cynical and one-dimensional: people, including bureaucrats, are self-interested utility maximisers who cannot be trusted. As a result, elaborate incentive structures were put in place to force transparency and efficiency, to reduce perceived conflicts of interest and to focus on outputs rather than process. In New Zealand, public administration practises were overhauled.

There was an emphasis in the New Zealand state sector in the late 1980s and the 1990s on quantifying the work and worth of government agencies, and later tying this work into the government’s strategic objectives. The policy context for the debate involved the peculiarities of archives as a policy area: the work of the National Archives did not fit easily with any of the stated strategic objectives, and the contribution of an archiving regime to society is impossible to quantify. It is an input-based activity where outcomes are difficult to quantitatively measure.

There are many reasons why the value of an archive is hard to measure. For example, a comprehensive record-making, keeping and access regime is an important component of a robust democracy. But it is only one component. Other elements include a free and
investigative press, low levels of political and bureaucratic corruption and high levels of public participation.\(^8\) The availability of records is essential for the ability of the press to do their job while the destruction of records is sometimes associated with corrupt practice. As such, the exact contribution of an archiving regime to any particular democratic culture is difficult to specify. Another difficulty with measuring value is related to access. Whether an archive is accessed or not is important, but the *potential* for access provides ongoing and uncertain value. Papers deposited in the Archives might not be accessed for years to come, if at all. Alternatively, a particular set of papers may be accessed many times for different research projects. In this sense records have the characteristics of a public good: their use by one researcher today does not diminish their value to another researcher in the future. The fact that records exist and are cared for means potential value. But how is this value to be measured in any meaningful way when the potential may never be realised?

The focus on efficiency and output measurement that began in the late 1980s in the New Zealand public sector proved problematic for the Archives. Increasing holdings – new records being added to the collection but old ones not dropping off the end – along with historic under-funding, meant that the Archives found it difficult to downsize or cost-cut as required. The tension between the reformers and their opponents arose over which context was given precedence: wider public sector management ideology and priorities (for example, tight budgets and competition), or particular policy considerations (for example, inexorably growing collections).

From 1948 until 2000, the National Archives was a part of the Department of Internal Affairs. The placement of a small agency with a statutory constitutional function within a larger agency posed problems of governance and priorities: the priorities of Internal Affairs did not coincide with the priorities of the National Archives. In the late 1980s,

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the Archives’ independence from Internal Affairs was discussed. The proposed policy reforms of the 1990s, some of which strengthened Internal Affairs’ control over the Archives at the expense of its archival role, added to stakeholders’ calls for institutional independence.

The reform proposals of the 1990s followed the public sector management theories fashionable at the time and did not frame the policy problems the way archiving stakeholders did. The stakeholders included the Archives and Records Association of New Zealand (ARANZ), which was formed in 1976. ARANZ is a broad association of archiving professionals and users. It has been involved in promoting all things archival, encouraging professional development and lobbying for more resources for the National Archives. In accordance with public choice theory, the reformers classified the expertise of the archiving professionals and stakeholders as ‘provider capture’ and so their expertise was ignored. However, the disregard for this group and other stakeholders is a partial explanation for the downfall of the reformers, who did not anticipate the size, nature or persistence of the resistance they would face.

The Archives were marginal to core government concerns of fiscal constraint. Receiving only a small proportion of the government budget, coupled with general ignorance about the policy area, meant the archives were low on the political agenda. Bureaucrats, attempting to implement changes, were without substantial political backing as they faced stakeholder resistance. Archiving stakeholders finally received the policy changes they had called for following a change of government in 1999. The 1999-2002 Labour-Alliance coalition government contained Ministers in powerful positions who had followed the debates of the 1990s out of personal interest. These included the Prime Minister and the Minister of Finance (a former historian) who both broadly agreed with the problem definitions and the solutions put forward by the archiving community. This, combined with a more pragmatic attitude towards the organisation of the state sector, enabled change to happen, and happen quickly. The National Archives became an independent government department in 2000. This was contrary to current public sector management philosophy, which does not favour further fragmentation of the state sector.
and considers the department form to be sub-optimal to Crown entity status. The story of New Zealand’s Archives demonstrates that what is good for the control and co-ordination of the wider public sector is not necessarily what is best for a specific agency or policy area.

Research Design
This thesis has been written for two quite different readers: an archivist who may be unfamiliar with public management, and a political scientist who may be unfamiliar with the issues surrounding archives. Furthermore, it is assumed that the reader is not familiar with events and people in New Zealand. Accordingly I have tried to be careful in explaining things peculiar to New Zealand, and to define and explain jargon specific to public management and to archiving.

This thesis brings together literature on archives policy and new public management, in an analysis of reform and resistance. The relevant public management reforms include (but are not confined to) machinery of government issues. The combination of archives and machinery of government is an unusual one. A survey of public management reform literature (Chapter 2) reveals a gap with regard to archives policy: much of the literature on public sector management reform focuses on generic issues such as budgeting, performance measurement, or efficiency; some studies look specifically at policy areas such as health or social welfare and how public management changes have impacted on these sectors. Managerialism has an underlying assumption that records are created to facilitate performance measurement and other audit requirements. Despite this, public management case studies based around policy areas tend not to focus on the examples of archives or records management. To my knowledge, no overt public management analysis has taken place around the nature of records, their place within the public sector, how they should be organised, who should control them, and how they are disposed of once their immediate usefulness has been met. Exceptions around the margins include Public Management: The New Zealand Model by Jonathan Boston, John Martin, June Pallot and Pat Walsh, which briefly raises the New Zealand National Archives as one
example of the ‘puzzle’ of organisational design. 9 Brian Easton’s *The Commercialisation of New Zealand* considers the way New Zealand’s heritage assets are valued and how these values are recorded in the financial statements of the government of New Zealand (the ‘public account’). Easton includes the Archives under the ‘heritage’ banner and speculates on how this recording of value impacts on the ability of the Treasury to dispose of heritage assets. 10 Neither the Boston nor the Easton book examines the impact of public management reform on the constitutional function of the Archives.

Archiving literature, on the other hand, does contain some discussion of machinery of government issues. For example, the New Zealand journal *Archifacts* has, since its inception in 1974, tackled machinery of government issues relevant to archiving in New Zealand. Aspects of the archives case study at the centre of this thesis have been written about 11 and international organisations have issued guidelines on desired governance arrangements. 12 While archivists have systematically surveyed international legislation, 13 many public management changes, such as tighter budgets or increased performance monitoring, are not reflected in archiving legislation. There has not been a systematic study of the impact of public management reforms on the operation of archives. This thesis contributes to filling this gap by reporting and analysing the case in New Zealand, with particular emphasis on machinery of government issues. Some future directions for study in the area of archives and public management are suggested in the final chapter.

The thesis presents an extensive background on archives in New Zealand and the professional values of archivists are outlined. One of the key features of the story of archives in New Zealand was broad ignorance about the policy area by those involved in, or attempting, policy reform. While this may be generally true of all policy areas at the start of phases of reform, during the late 1980s and the 1990s policy reform in New Zealand was greatly influenced by public choice theory. Public choice theory suggested that knowledge of the area under review was not necessary. In this thesis I demonstrate that archiving has not been well-understood by New Zealand politicians or bureaucrats alike. Because the conflict over reform was values-based it becomes important to establish the world-view of each side.

This thesis takes the position that the participants were motivated by concerns about the public good, but that their values differed. It accepts John Kingdon’s assertion that, ‘[t]he values one brings to an observation play a substantial role in problem definition.’\textsuperscript{14} Archivists were motivated by concerns for democratic accountability; the reformers had very real concerns about the performance of the public sector and considered institutional design a key to improved performance. While there were, from time to time, demonstrations of self-interest, the public choice framing of self-interest as a sole motivator is rejected: if the archivists or the officials had, for example, the desire to empire-build as a central impetus for the changes they advocated, they were also backed by arguments advocating the public good. Their arguments represent values, not just interests. This thesis backgrounds the values of both sides and in doing so demonstrates a connection between these values and the policy positions taken.

Methods and Sources

While the background chapters on public sector restructuring and archiving use secondary sources to advance argument, the case study chapters are heavily dependent on primary documents such as official reports, e-mails, letters, memos and court papers (statements of claim, affidavits and judgements). There is a deliberate use of the ‘voice’ of various participants in this saga by clearly stating whose opinion is being represented and through the use of quotes. Reproducing the words of participants communicates their attitudes and depth of feeling while simultaneously advancing the argument being made. I have tried to distinguish my voice as author of the thesis from those of the participants, by clearly stating when an assertion or position belongs to a particular person or group.

Relying on records rather than interviews for the case study was a conscious decision, but one that posed a problem. Records do not provide a complete picture of events as not everything that happened was recorded. Personal relationships are important especially in small, intimate policy and political communities such as exists in New Zealand, and yet these relationships may not be detectible from an examination of the official records. In an attempt to compensate for such gaps in the records I interviewed, off the record, a range of key participants. These included reformers and archiving stakeholders and officials from the State Services Commission, the National Archives, the Department of Internal Affairs, the National Library and the Ministry for Culture and Heritage. The interviews provided me with important subtext to the documents. Mostly, interview material was not relied on for factual information, rather to help me understand the perspective of various actors. In some cases, helpful suggestions were made such as pointing me in the direction of a useful record set.

For reasons of privacy and confidentiality the interviews were kept off the record. The strong feelings by embattled stakeholders made anonymity desirable, yet the size of the community made anonymity impossible. For example, for most of the period under study there was one Chief Archivist, one Secretary for Internal Affairs, and only one outside reviewer. Relationships are alluded to in the thesis but are not the focus of the study.
Where permission was granted interviews were recorded and later transcribed. A few participants did refuse tape recording and this was respected. Two key players were not interested in being interviewed at all and a third was not interviewed because of logistical constraints. Everyone else who was approached agreed to be interviewed although one interviewee was openly hostile towards the project. Information arising from interviews with one interviewee, Frank Grover, is used in this thesis. His comments are reproduced with permission.

While some official records, such as annual reports, were publicly available, many documents I sought were not. Records were requested under the Official Information Act (1982) from the following agencies: Archives New Zealand, the Crown Law Office, the Department of Internal Affairs, the Ministry for Culture and Heritage, the National Library, the Parliamentary Counsel Office, the State Services Commission, the Treasury and the Department of the Prime Minister and the Cabinet. As a researcher writing about records and archives policy, the variety of responses agencies made to my requests had a particular resonance. Standards for record-keeping and their access clearly differ across the state sector. While the law may promise access, agencies can frustrate requests for information.

The reader will note different ways in which documents are referenced in the bibliography. This reflects the range of information provided by agencies about documents I was sent: at one extreme no citation information; at the other extreme, full file paths. I have scanned all unpublished primary documents used in citations for this thesis and a copy of these will be retained by the author for a period of seven years.

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15 Permission was also given to access ARANZ’s archives. ARANZ is a private body and therefore not covered by the Official Information Act.

16 Investigative journalist and author Nicky Hager writes about some of the tactics government agencies and Ministers have used to frustrate his OIA requests in ‘Seeking the Truth: The Power and Politics of Using Archives and Records’, Archifact, October 2001, pp. 14-23.

17 Printouts of internet sources that are no longer available at the URLs listed in this bibliography are also being retained.
Some agencies I contacted were clearly used to Official Information Act (OIA) requests. They released bundles of documents within the twenty working days required by law. The State Services Commission (SSC) always noted any exclusions for further consideration. These documents were typically released a few weeks later, albeit with some passages blanked out. Similar to the SSC, the Treasury was particularly prompt in responding. Without searching their files I cannot say whether I was sent a comprehensive set of records; this is one of the weaknesses of the OIA regime.

Furthermore, there were differences in response to my requests from within the same agency, depending on who handled the request. One agency initially provided records under the OIA on condition I did not quote or cite them without written permission, even though information in its records was not confidential or sensitive. No other agency placed a restriction on using the records released to me; that agency also did not apply restrictions to records I requested at a later date.

Dealing with the Department of Internal Affairs was a very frustrating experience. Requests for official information were at first dealt with in a manner which was hardly consistent with the OIA. Ultimately, however, it was the most rewarding, as I was eventually allowed to do my own searches of files to locate germane records. As a consequence I discovered records that were highly relevant to this thesis, but had not actually been specified in any OIA request. As other commentators have noted, a major problem with requesting records is knowing what exists.\(^{18}\)

My requests to the Department of Internal Affairs were complicated by recent organisational reforms: some files relating to the National Archives had been transferred to the Ministry for Culture and Heritage and others given to Archives New Zealand when it became an independent government department in 2000. Nonetheless, Internal Affairs retained a number of files about the Archives and some had obvious labels such as ‘National Archives restructuring’. Despite this, it was two years before I was able to

access records for most of my OIA requests. Staff claimed that my requests were difficult to locate and that because of this I ‘may be charged for the time involved in accessing information held by the department’.\textsuperscript{19} Other agencies did not charge, nor did they mention difficulties dealing with, in some cases, exactly the same requests. Finally, after two years, a complaint by me to the Prime Minister’s electoral office produced results. From this point, Internal Affairs proved very accommodating and I undertook searches of their files during subsequent trips to Wellington.

Despite great frustration with Internal Affairs at the time, my circuitous route to access proved financially valuable: the Internal Affairs files contained exhaustive documents around the High Court and Appeal Court judicial reviews. I had approached the High Court for copies of Statements of Claim and Affidavits, only to be told there would be a $5 per page photocopying charge. Unable to afford this fee, I did not proceed with my request for access to documentation via the Courts. Court documents are not covered by the Official Information Act and fees are set by regulation, which are effectively unchallengeable.\textsuperscript{20} Most references to court cases in this thesis therefore originate from Internal Affairs files.

Structure
The chapters in this thesis fall into two broad categories: background chapters and detailed case study chapters. The background chapters map the terrain in which the debates around archives reform took place. It is the central argument of this thesis that archival principles clashed fundamentally with New Zealand’s public sector management reforms of the late 1980s and the 1990s. The issue of importance during this time was: whose values would frame policy choices?

\textsuperscript{19} Anne O’Shaughnessy, Department of Internal Affairs, e-mail to author dated 20 November, 2002.
\textsuperscript{20} Access to civil records in the High Court is governed by rule 66 of the High Court Rules. Refer, ‘High Court Rules’ in Brookers Civil Court Practice Handbook, Wellington, Thomson Brookers, 2006, pp. 207-211.
Chapter 1: Introduction

Chapters 2, 3, and 4 are background chapters on new public management and archiving. The opening sections of Chapter 2 take the form of a review of public management literature. They canvass mainly international work to provide a sense that the New Zealand reforms were atypical and not inevitable. The rise of ‘public management’ and the demise of ‘public administration’ is backgounded. This thesis posits that archives, as a policy area, is a better ‘fit’ with public administration because of its focus on rules and central control and its regard for the constitutional functions of government. The discussion then turns to new public management; New Zealand is considered an exemplar of this particular combination of reforms. The final section of this chapter focuses on economic and public sector reform in New Zealand.

Chapter 3 starts broadly, defining terms such as archives and records, and explaining their connection to bureaucracy and democracy. The focus then turns to the professional ethos of archivists. This establishes how archivists view themselves and their mission. It conveys the sense of importance they place upon their task. The chapter then looks at the guidelines archivists themselves offer on machinery of government issues, and the reaction of British archivists to the public management reforms they faced.

The focus of Chapter 4 is a history of official archives and archives policy in New Zealand. It provides the background to the reforms proposal period of 1994-1999. While not suggesting path dependency, Chapter 4 is an acknowledgement that history does matter. What state were archives in when the reform period began? What types of public management reform had they already been subjected to? While I may posit that traditional bureaucracy is a better ‘fit’ for archives than public management is, how had archives and records fared under traditional bureaucracy in New Zealand? Key themes that are relevant to the case study are introduced. These include the history of neglect of archiving in New Zealand, questions about institutional design and placement for the

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21 ‘Path dependence’ is a concept that originated in economics. Paul Pierson argues that in political science it suggests that particular courses of policy or political action, once introduced, can be difficult to reverse. This is different to suggesting that it is necessary to understand ‘what went before’, if we are to understand the present. Understanding ‘what went before’ does not necessarily involve a conception of high exit costs or costs associated with change. Paul Pierson, ‘Path Dependence, and the Study of Politics’, American Political Science Review, vol. 94 no. 2, June 2000, pp. 251-267.
archives, the statutory powers of the Chief Archivist as laid out in the 1957 Archives Act, issues for archiving policy arising from economic and public sector restructuring and the importance of stakeholders in promoting archival issues. The arguments in this chapter reinforce the contention in chapters 1 and 3 that records and archives have an important role in enabling democratic accountability.

The National Archives faced a series of organisation-specific reform proposals between 1994 and 1999. Each wave of reforms was quite separate and involved different policy actors, with different agendas. It was not a case of policy learning or evolution by the same people or organisations. Following background Chapters 2, 3 and 4, the thesis then turns its attention to examine the debates between the archivists and the public sector management reformers in Chapters 5, 6 and 7. Chapter 7 also focuses on how archives reform was removed from the policy agenda in 2000-2005. Chapter 8 brings together the theory, literature, background and the archiving case study of preceding chapters, to present the analysis of reform and resistance.

While this thesis is not a comparative study, some international context is provided. The international origins of the theories underlying New Zealand’s economic and public sector reforms are discussed in Chapter 2. Chapter 3 provides the international context for archiving as a practice and profession. This includes comment on the development of archives and the archiving profession in Australia where there have been concerns about the role of archives in corruption scandals. International guidelines for machinery of government issues are canvassed. Chapters 5, 6 and 7 focus on the specific reform proposals that the National Archives in New Zealand faced in the 1990s. In these chapters, references to overseas experiences are restricted to their use in arguments by the reformers or archiving stakeholders. International comparisons with the United Kingdom and the United States are sketched in Chapter 8. The New Zealand reform proposals were, for the most part, generated locally, driven by local interests. Indeed, a 1994 independent review of the National Archives briefly outlined reforms in other countries and concluded that,
…the pressure for change in New Zealand stems more from a need for the application of public sector reform principles than from professional perceptions of the need for new approaches and frameworks.\textsuperscript{22}

\textbf{Conclusion}

This study illustrates the tensions between the need to coordinate the wider public sector with the peculiarities of a specific policy area. It also demonstrates the tensions between the highly theoretical and ideological nature of the public sector management reforms in New Zealand from the mid-1980s, and the values of one group of professionals that were not compatible with these reforms. While the policies of the reformers evolved over time, the values of the archivists were more static. These static values contributed to consistency in their preferred model of organisational design and placement within the public sector.

This thesis proceeds with background chapters, providing the context for the ensuing case study chapters. The concluding chapter presents the analysis of reform and resistance to that reform.

\footnote{\textsuperscript{22} McDermott Miller, \textit{National Archives: Independent Review}, 25 November 1994, p. 16.}
Chapter 2: Public Sector Reform

I beg each and every one of you to develop a passionate and public hatred of bureaucracy¹

This chapter provides background to the policy debates surrounding the Archives between 1994 and 1999 by discussing the values of the reformers. It establishes the intellectual context within which the reformers proposed structural changes to the Archives. This chapter begins with a broad survey of mainly international literature about the public management reforms a number of countries experienced from the 1980s, and the ideas underlying these. It highlights debate amongst commentators about the move from public administration to public management, the universality of the reforms and the desirability of their application. The chapter then narrows its focus to explore the application of these ideas and policies in New Zealand since 1984. It provides background to the New Zealand economy, public sector and politics. The New Zealand experience of reform is shown to be unusual, internationally, for its theoretical coherence and the significant influence of economic conceptions of behaviour on the reform options that were selected.

Because this chapter backgrounds the 1994-1999 period much of the literature surveyed here is older; more recent concerns in public management such as the role of networks in public sector co-ordination or ethical issues for public servants, are not covered. The literature and issues considered in this chapter have been selected because of their particular resonance for the ensuing case study.

This thesis will proceed to argue that the values of archivists are more closely aligned with the values of public administration than public management. In highlighting the

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variety of public management reforms different countries have enacted, I demonstrate choice was available to New Zealand reformers. This feeds into the development of a key argument of this thesis: that the reforms were not universally suited to all policy areas and their adoption in the case of archives policy was not desirable.

This thesis argues that the 1990s reform proposals for New Zealand’s National Archives were driven by wider public sector ideologies and pressures, rather than archiving values or international archival best practice. This chapter discusses the values of the reformers. These contrast with the values of the archivists, which are the subject of subsequent chapters.

The Emergence of ‘Public Management’
This thesis analyses machinery of government issues as applied to the policy area of archives in New Zealand. Machinery of government issues, such as those facing New Zealand’s National Archives in the 1990s, fall under the broad category of ‘public management’. Public management is a term with varied and contested meaning in academic literature, and some of the debates around this are surveyed below. It includes not only machinery of government issues but also what Barzelay classifies as public management ‘policy’ issues: government-wide rules on areas such as expenditure planning, financial management, procurement, labour relations, audit and evaluation. Public management as a term is also applied to the way in which managers in public sector organisations carry out their jobs.

For most of the twentieth century until the 1980s, many developed countries experienced stability in the way their public sectors were organised. ‘Traditional public administration’, as it has been labelled by Owen Hughes, was based on Max Weber’s theory of bureaucracy, United States President Woodrow Wilson’s dichotomy between politics (making policy) and administration (implementing policy), and Frederick

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Taylor’s principles of scientific management. Traditional public administration replaced a system of patronage with a politically neutral career civil service, where civil servants had the job security to become experts in their province and to offer free and frank advice without fear or favour. Processes were analysed, rules and best practice established and precedents documented and followed. Citizens were treated in a uniform manner. Civil servants were not above the law and were accountable to their superiors in the hierarchy.

This model of administration was revolutionary, professionalising and standardising the work of the public service. But it came to be criticised for being, among other criticisms, too legalistic and rule-bound, and for being inefficient. Bureaucracy, the following of rules and procedures, became a pejorative term.

Two explanations for the ‘failure’ of traditional public administration are its lack of modernity and its inherent weaknesses. The modernity argument goes like this: economies, societies and governments have changed but the public administration system has not adapted to these changes. An example of one change in society is the greater importance placed on customer service; government agencies now deliver a range of services that they did not previously. B. Guy Peters and Jon Pierre report that the main role of traditional public bureaucracies was the implementation of law, not the provision of public services. As public agencies increasingly took on the role of delivering services to the public, one-way hierarchies in which public servants were required to meet the demands of their superiors, not their customers, became unsatisfactory. In the last quarter of the twentieth century forces that exerted pressures on government spending and the public sphere included changing demographics (an aging population and the increase in single-parent families has increased the size, scope and cost of social welfare systems); economic crises (the stagnation of the 1970s and recessions of the early 1980s); and globalisation (the increasing inability of governments to control their

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4 Hughes, Chapter 2.
macroeconomies in isolation of global economic activities and pressures). David Osborne and Ted Gaebler write about ‘the emergence of a postindustrial, knowledge-based, global-economy’ that ‘has undermined old realities throughout the world, creating wonderful opportunities and frightening problems.’

In New Zealand, the economy stagnated in the 1970s and early 1980s, raising questions about the influence of the large state sector on the economy as a whole. In 1984 the government sector in New Zealand accounted for 40 per cent of GDP. The size of the public sector meant that if it was inefficient, then the economy as a whole was being held back. Governments, then, reined in their growing public sectors in response to economic problems.

The other main argument against traditional public administration highlighted what were considered inherent flaws in the system. These flaws were made starker by the alleged superiority of more recent thinking about management and organisations. Owen Hughes explained the change away from traditional public administration in terms of the failure of the system itself, which was neither efficient nor effective, and the emergence of new ideas. Hughes writes that some of traditional public administration’s main tenets such as the separation of politics and administration never really held; there were new, superior ideas on organisation to replace hierarchy; the old system lacked flexibility. While traditional public administration was an advance on what went before, for example, by reducing corruption and professionalising the public service, Hughes claimed it had since

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11 This was, in particular, a critique advanced by the Chicago School of economics. Reported in Massey and Pyper pp. 31-2.
12 Hughes, p. 43.
been discredited ‘theoretically and practically’ because ‘it did not work very well’.\(^{13}\)

Some writers such as Christopher Hood have searched for explanations for the rise and appeal of new public management, but for Hughes the explanation is straightforward – the old system did not work.\(^{14}\) Hughes drops the ‘new’ from ‘new public management’, referring just to ‘public management’.\(^{15}\) After more than ten years, Hughes considers changes to the way the public sector is organised a new paradigm, part of an irreversible shift:

… there will be no return to the traditional model of administration in place for much of the twentieth century. This has gone for good and public management has replaced it. The change to a managerial model now seems irreversible.\(^{16}\)

Increasingly, the word ‘management’ has replaced the word ‘administration’.\(^{17}\) While the term ‘management’ has been used in English for some centuries, Christopher Hood speculates that the term ‘administration’ was adopted in the nineteenth century to denote the work of the civil service,

…because in an age of democratisation, rule-of-law constitutionalism and developing parliamentary government, it better conveyed the notion of subordination to constitutional authority and rule-governed institutional activity than [management does].\(^{18}\)

Laurence Lynn writes that for some scholars the terms administration and management are synonymous, but for others there is debate around the relationship between the two, with some considering management a subsection of administration.\(^{19}\) Administration, in this view, is the wider concept as it involves the ‘constitutional and political foundations of governance’ in the public sector ‘in a way that the term management does not.’\(^{20}\)

\(^{13}\) Hughes, pp. 1, 14.


\(^{15}\) Hughes, p. 4.

\(^{16}\) Hughes, p. 16.

\(^{17}\) Pollitt and Bouckaert, p. 12.


\(^{20}\) Lynn, p. 16.
According to Lynn, American literature traditionally considered management, ‘to be the responsible and lawful exercise of discretion by public administrators.’ This element of discretion is found in more recent literature, where public management involves ‘moving’ an agency, having a strategic point of view, instead of just playing a ‘custodial role’. Hughes, on the other hand, argues that administration is a narrower concept than management as management includes administration with the added elements of discretion and responsibility. He writes that administration ‘means following instructions and management means the achievement of results and taking personal responsibility for doing so.’

Christopher Pollitt and Geert Bouckaert define ‘generic’ management – how to manage anything – as being about ‘getting things done as quickly, cheaply, and effectively as possible – and usually being about getting things done though other people (“staff”, “the work force”, “personnel”, “human resources”).’ Managing a public agency and managing a private enterprise require similar skills, techniques, and temperament when it comes to, for example, leadership and decision-making. Both operate within a legal and political framework and are affected to some degree by political authority. But surveys comparing the way people in public agencies and private enterprises behave, reveal significant differences that correspond to the fundamental differences behind the sectors: the private sector exists, primarily, to maximise profit while the public sector exists to implement government policies and administer the law. Managers in the public sector are more influenced and constrained by the political process; democracy requires that they are accountable to the public at large, not just one grouping, such as shareholders.

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22 Lynn, pp. 15-16.
23 Hughes, p. 45 for quote and also p. 6 for argument.
24 Pollitt and Bouckaert, p. 9.
26 Lynn, p. 16.
27 Rainey and Han Chun, pp. 90-95.
28 Lynn, pp. 16-17.
Perry and Kraemer regard public management as, ‘a benign merger between generic (overwhelmingly commercial, private sector) management and the more traditional concerns of public administration.’\(^{29}\) Transferring ideas developed in business schools for the private sector to the public sector, is nothing new; Frederick Taylor’s scientific management was not designed specifically for the public sector. During the twentieth century the public sector also adopted elements from the human relations school of management, zero-based budgeting, planning-programming-budgeting systems and total quality management, among others.\(^{30}\) There has also been an influence by ‘guru’ style writers on the topic of management, such as Charles Handy, Rosabeth Moss Kanter, Michael Porter, Tom Peters, Stephen Covey and Peter Drucker, on how managers and professionals in organisations should conduct themselves.\(^{31}\) These writers stress issues of leadership, entrepreneurship, innovation, flexibility and risk-taking instead of deference to precedence or the pursuit of stability. They promote charismatic ‘change’ leadership. Management writer Tom Peters displayed such a disdain for hierarchy and bureaucracy that he advocated the non-reading of paper-based reports and regular team ‘incinerations’ of such papers.\(^{32}\) Peters advised managers to become ‘obsessive’ about change, making, ‘What, exactly, have you changed?’, the most common question that they ask of their staff.\(^{33}\) Promoting change as a virtue contrasted strongly with the certainty and security of traditional administration. This leadership literature was an influential strand of the reform process in New Zealand.

The move from the paradigm of traditional public administration to public management involved asserting the supremacy of the new model and denigrating the old model. The American writers Osborne and Gaebler provide the following damning critique of traditional public administration:

\(^{29}\) Reported in Pollitt and Bouckaert, p. 10.  
\(^{30}\) Massey and Pyper, p.27.  
\(^{32}\) Peters, pp. 458-460.  
\(^{33}\) Peters, p. 464.
Our thesis is simple. The kind of governments that developed during the industrial era, with their sluggish, centralised bureaucracies, their preoccupation with rules and regulations, and their hierarchical chains of command, no longer work very well. They accomplished great things in their time, but somewhere along the line they got away from us. They became bloated, wasteful, ineffective. And when the world began to change, they failed to change with it. Hierarchical, centralised bureaucracies designed in the 1930s or 1940s simply do not function well in the rapidly changing, information-rich, knowledge intensive society and economy of the 1990s.\textsuperscript{34}

Such sweeping generalisations ignore the positive attributes of traditional administration, such as ‘continuity, honesty and a high commitment to equity in dealing with the citizen-public.’\textsuperscript{35} They replace the ‘one best way’ of scientific management and bureaucracy with a new best way that involves flat management structures and risk-taking. Amanda Sinclair wrote that the move to new public management has been accompanied by a discourse that casts public management as ‘a technical activity rather than a social commitment or a moral practice.’\textsuperscript{36}

Christopher Hood labels the debate about public management, as exemplified by Osborne and Gaebler, ‘evangelical’, with antagonism towards traditional public administration by one side and antagonism towards anything ‘managerial’ on the other.\textsuperscript{37} He writes that sweeping criticisms of the traditional model, ‘blind us to the variety of structural and other administrative practices built into traditional public service arrangements by universalizing particular historical experiences.’\textsuperscript{38} Pollitt and Bouckaert’s comparative study of public management reform in twelve countries and the European Union also revealed some variety in traditional public administration: there were several models in existence, not one; and, while some parts of traditional public administration fit the stereotype, other parts do not. They cite the example of the expensive and labour-intensive health and education sectors in the United Kingdom. Pollitt and Bouckaert say that these were never legalistic bureaucracies, but rather highly professionalised policy

\textsuperscript{34} Osborne and Gaebler, pp. 11-12.
\textsuperscript{35} Pollitt and Bouckaert, p. 62.
areas where the professionals could exercise discretion, and relationships included collegiality, not just hierarchy.\textsuperscript{39} 

Pollitt and Bouckaert point out that while factors such as changing demographics, economic crises and globalisation exerted pressure on governments to change their public sectors, these factors did not determine the \textit{nature} of the changes.\textsuperscript{40} The elites who conceived and implemented the reforms of the 1980s and 1990s were influenced by ideas:

\begin{quote}
\ldots economic pressures do not themselves translate directly into some particular type of management reform. Reformers need ideas – models or patterns or plans or visions of how the public sector could be better organized. Markets may provide the pressure but they do not supply the ideas.\textsuperscript{41}
\end{quote}

**New Public Management (NPM)**

One particular response to the problems with traditional public administration has been ‘new public management’, or NPM. NPM is a loose term, used as shorthand to describe characteristics of public sector reform in a ‘core’ group of countries, the United Kingdom, Australia and New Zealand.\textsuperscript{42} The reforms have also been applied, to varying extents, in some other OECD countries, and have been promoted by the OECD.\textsuperscript{43} There has been a difference in the theory and rhetoric around NPM, and its actual implementation. There is some disagreement about what exactly constitutes NPM, its intellectual foundations, and how widespread its influence has been. The writing on NPM has, especially over time, gone in several directions.\textsuperscript{44}

There is consensus, however, about New Zealand’s place in the NPM web: New Zealand has applied the principles commonly associated with NPM in a more comprehensive way than any other country and the reform process in New Zealand has been driven by

\begin{flushright}
\textsuperscript{39} Pollitt and Bouckaert, p. 62.  
\textsuperscript{40} Pollitt and Bouckaert, pp. 26-38.  
\textsuperscript{41} Pollitt and Bouckaert, p. 28.  
\textsuperscript{42} Barzelay, p. xii.  
\textsuperscript{43} Hood, ‘A Public Management For All Seasons?’, 1991, p. 4; Hughes, p. 5.  
\textsuperscript{44} Barzelay.
\end{flushright}
underlying theories found in new institutional economics in particular. The New Zealand Treasury’s briefing to the incoming government in 1987, *Government Management*, is viewed by Christopher Hood and Michael Jackson as the closest to a textbook on NPM that has been written. The context in which public sector reform in New Zealand occurred after 1984, and the factors influencing it, are discussed in more detail later in this chapter.

The development of NPM rhetoric and the adoption of some of its ideas occurred at a time of growing dissatisfaction with tradition bureaucracies, but this was also a time when governments in Australia, New Zealand, the United Kingdom and the United States and other countries moved towards neo-liberal economic policies. Neo-liberalism is a political philosophy that promotes individual freedom and minimal government intervention in the economy. It promotes market-led or market-style solutions to economic problems. Where markets do not naturally arise, or where government has chosen to organise economic activity, neo-liberalism suggests the creation of markets (‘quasi-markets’). Markets are favoured because the price signal leads to allocative efficiency, which is the allocation of scarce resources in a way that best meets the demands of consumers. Government intervention in markets and the provision of services is considered inherently inefficient because of the absence of a genuine price signal. Neo-liberalism posits that governments become involved in aspects of the economy for the ‘wrong’ reasons, such as a response to pressure groups.

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In New Zealand and Australia, public sector management reforms were carried out by Labour governments. This does not mean, as some of its exponents assert, that NPM is non-ideological. The context in which NPM reforms were adopted in New Zealand are outlined later in this chapter and ideology did appear to be part of the equation. Key government ministers driving the reforms like Roger Douglas and Richard Prebble later left the Labour Party and founded the far right political party, The Association of Consumers and Taxpayers. Key central agency officials such as Graham Scott and Rod Deane had ties to the right-wing lobby group, the New Zealand Business Roundtable. The government may have been ‘Labour’, but its public sector management and macroeconomic policies were not left-wing.

Peter Aucoin identified the two major influences on public management reform in the 1980s as public choice theory and managerialism. Managerialism is the promotion of private sector management expertise as central to better organisational performance, along with greater discretion for managers deciding how to achieve outputs. These fit comfortably with neo-liberalism’s minimum role for governments and its elevation of markets.

Christopher Pollitt has written about the influence of managerialism on the welfare state in the United Kingdom and the United States. He classifies managerialism as an ideology. While it has many parts, overall it represents a coherent collection of beliefs and values about the role of management and managers and a vision of how the world

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48 Hood, ‘A Public Management for All Seasons?’, 1991, p. 8; see also Hughes, p. 270.
50 Jane Kelsey, The New Zealand Experiment: A World Model for Structural Adjustment?, Auckland, Auckland University Press and Bridget Williams Books, 1995, p. 47 for profile of Deane, who was at the Reserve Bank until 1986 when he moved to the State Services Commission; Scott was head of the New Zealand Treasury until 1993. He was a list candidate for the ACT Party in 2005 and his book, Public Management in New Zealand: Lessons and Challenges, 2001, was published by the Business Roundtable.
should be. In advocating how the world should be, it promotes particular courses of action. Pollitt does not consider managerialism a neutral, technical study of organisations, but a study infused with values about the potential for ‘good’ management to solve all manner of social and economic ills; it promotes the superiority of managerial freedom over bureaucracy and red tape.54

Pollitt describes a range of management sub-disciplines in the twentieth century, with their different foci on processes, organisational design, human relations and a more recent school that Pollitt calls ‘culture management’.55 This approach to management advocates the manager fostering the culture of the organisation, being the promoter of the values of the organisation. These values, according to Metcalfe and Richards (quoted in Pollitt), include, ‘learning, experimentation, adaptability and flexibility.’56 Ferlie et al. report what they term an ‘in search of excellence’ strand of managerialism that has a, ‘strong emphasis on the importance of organizational culture’, highlighting ‘the role of values, culture, rites and symbols in shaping how people actually behave at work.’57 This approach to management centres around organisational change driven by a charismatic leader; change is often top-down and coercive.58 A culture clash may eventuate between the supporters of the charismatic change leader and those staff who ‘continue to align themselves with the values and beliefs of a rival “resistant” culture.’59 Pollit reports a ‘dark side’ to culture management, whereby groupthink can be, ‘used to suppress dissent and harass staff who do not appear to have “appropriate attitudes”’.60

Pollitt considers it paradoxical that at the same time that culture management and the importance of organisational culture were so heavily promoted in business schools and by management gurus, the public sectors in the United Kingdom and the United States were

54 Pollitt, 1990, pp. 6-10.
subjected to models of management whose only acknowledgement of a distinctive public sector culture was to treat it as a problem.\textsuperscript{61}

Clarke and Newman report on the influence of managerialism on the welfare state in the United Kingdom in the 1980s and 1990s.\textsuperscript{62} The reporting of welfare performance in terms of efficiency or operational management, instead of changing poverty levels and health inequalities, played down the distinctiveness of welfare and the public sector. It involved measuring generic management indicators instead of focusing on the consequences of the restructuring of organisations in terms of the outcomes for society in general.\textsuperscript{63} Lynn reproduces a quote from American academic David Rosenbloom in which he argues that, ‘those who define public administration in managerial terms… tend to minimize the distinctions between public and private administration.’\textsuperscript{64}

Christopher Hood, like Aucoin, identifies managerialism as an ingredient of NPM. Hood goes further than Aucoin’s inclusion of public choice theory as the other main ingredient of NPM, opting for the wider umbrella of new institutional economics (NIE). NIE theory covers public choice theory, agency theory and transactions cost economics. It was particularly influential in the reforms experienced by New Zealand.\textsuperscript{65} NIE is a school of thought in economics that accepts markets but has its focus on the functioning and structures of institutions and the way in which institutions impact on human interactions. It promotes the idea that better design of institutions (including public institutions) can lead to economic growth.\textsuperscript{66} New institutional economics assumes that human beings are rationally self-interested and therefore cannot be trusted to meet conditions of implicit or actual contracts. Information gaps are also assumed: all parties in transactional relationships do not have the same information about what is known and what is done; limited information means that rational people may make poor decisions but for the right

\textsuperscript{61} Pollitt, 1990, p. 146.
\textsuperscript{63} Clarke and Newman, pp. 21-22.
\textsuperscript{64} Lynn, p. 16.
\textsuperscript{66} Peter Gorringe, 2001, Chapter 8.
reasons (bounded rationality). According to NIE, the key to greater efficiency includes reducing hazards and opportunism (such as shirking by employees) and building safeguards into contracts. One of the founders of new institutional economics, Oliver Williamson, contends that empirical evidence supports its theories, but that its descriptions of human actors is still a work in progress, that NIE does not deal well with the issue of power and that bureaucracies are still not well understood by it, or other fields of study.\textsuperscript{67}

There are many critics of new institutional economics and its application to the public sector, precisely because of the weaknesses (or works in progress) that Williamson outlines: its understanding of human nature is contested, its lack of analysis of power relations and its lack of understanding about bureaucracy are highlighted.\textsuperscript{68}

The different components of NIE have contributed different critiques of traditional administration and have offered different solutions. Niskanen’s 1971 book \textit{Bureaucracy and Representative Government}, and his subsequent publications, are cited by many authors as seminal texts on the application of public choice theory to bureaucracy.\textsuperscript{69} Niskanen and other public choice theorists provide a neo-liberal reinterpretation of the role of the State and governments in democracies, and of voting behaviour. Public choice theory views human nature as rational, with people being self-interested utility-maximisers. Officials in political institutions try to maximise the size of their agencies and their budgets, interest groups lobby to secure privileges for their members and politicians interfere in the economy to maximise their votes, rather than benefit the economy or society.\textsuperscript{70}


\textsuperscript{70} Massey and Pyper, pp. 34-35.
Public choice theory sits comfortably with neo-liberalism’s critique of the large state and its suspicion of the bureaucracy: there is a role for the public sphere, but the public sphere is not necessarily efficient. Politicians and bureaucrats are motivated by the ‘wrong’ reasons, i.e. for selfish empire-building, rather than the public good. The solution to these problems is to de-politicise the public sector by transferring power from bureaucrats to managers and to measure their performance. Managers, and other actors, will respond to clear signals and clear incentives, accompanied by the monitoring of performance. This increase in transparency and accountability leads to greater efficiency.

The other strands of new institutional economics are agency theory and transactions costs economics. Transactions cost economics focuses on the costs of transactions, whether these take place within an organisation or between organisations. The reduction of uncertainty in transactions can be assisted by analysing the best structure for achieving goals. Should activities be organised within a single organisation, or between many smaller organisations who coordinate their activities via contracts in a market? This is an issue in the private sector too. In 1937 economist Ronald Coase posed the question: why do firms exist? Firms produce goods and markets do not; yet firms also do things that markets can do such as organise resources and trade. What determines whether this organising and trading is done by a firm or by a market? Markets allocate efficiently through the price mechanism but participants in markets also incur costs. These costs include negotiating and conducting separate contracts for exchange transactions (this observation of Coase’s later formed the basis of transactions cost theory). The cost of negotiating contracts and extracting payment can be high. Firms will carry out organising and trading functions in-house if the costs are lower than if they were carried out by the market. For the public sector, similar issues arise. Is it more efficient or effective to organise activities within one hierarchical organisation, or to separate the organisation and rely on contracts between organisations within a market as the way of organising activity? This became a key question in the New Zealand public sector in

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the 1990s. Transactions cost economics suggests that markets work best when transactions are straightforward and hazards are low, and that hierarchies, either public or private, work best when compliance costs and security features to avert hazards are high.\textsuperscript{73} Where there are no transactions costs, the nature of the institution is immaterial.\textsuperscript{74}

Agency theory was particularly evident in New Zealand’s reform process.\textsuperscript{75} Agency theory is concerned with problems of incomplete or asymmetric information when a ‘principal’ hires an ‘agent’ to carry out work. Problems arise for the principal because the principal has incomplete information about the activities of the agent. This is exacerbated by asymmetric information – the agent often knows more about the specialist nature of their work than the principal does. For example, a politician (the principal) may ask policy analysts (agents) for policy advice. Unless the politician knows as much about the policy area as the analysts do, the politician will have difficulty knowing whether the advice is of a high standard. If the principal assumes the agent is ‘self-interest seeking with guile,’\textsuperscript{76} how can the principal ensure the agent is carrying out the principal’s wishes? In this model, trust levels are low. Shareholders cannot trust managers to act in the shareholders’ interests and managers cannot trust workers to act in the company’s best interests. This view of human nature does not recognise public-spirited behaviour, loyalty, professionalism or duty. It is assumed that taxpayers, workers, consumers, producers, bureaucrats and politicians will all engage in self-interested opportunistic behaviour. The logic of public choice theory suggests that public servants, for example, are more interested in protecting their own jobs or growing their policy areas than in serving taxpayers. Likewise, politicians are more interested in ensuring their short-term re-election than in viewing policy problems over the long-term. Professional groups are concerned with protecting the existing monopoly they have on entry into their profession, at the expense of competition, new ideas and ultimately, consumers. Individuals work to maximise their own welfare at the expense of other individuals and organisations, for example, by taking advantage of asymmetric information. This lowers overall efficiency

\textsuperscript{73} Williamson, 2000, pp. 602-4.
\textsuperscript{74} This is Coase’s theorem. Reported in Gorringe, 2001, p. 129.
\textsuperscript{75} Donald F. Kettl, p. 447; Scott and Gorringe, 1989.
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and effectiveness in an economy and society. Efficiency occurs when information asymmetries are minimised. One way to minimise abuses by agents is careful monitoring of their work; another is providing incentives to achieve what the principal requires. Agency theory, like public choice theory, has a cynical view of human nature, assuming that individuals are self-interested and cannot be trusted to advance the work of their organisation or the wider public.

While managerialism has been criticised for downplaying the distinctiveness of the public sector, new institutional economics has been criticised for its narrow view of human behaviour. Jonathan Boston et al., writing about the reforms in New Zealand, provide an overview of the criticisms of new institutional economics. NIE tends to ignore motivations other than self-interest: yet many public servants and professionals are motivated by ‘credibility, reputation, integrity, duty, professional standards and doing a good job’ rather than empire-building, budget-maximising or other self-interest. Power relations are overlooked in agency theory which had a tendency to focus on the agent as opportunistic, without analysing the greater power held by the principal and ways in which the principal might misrepresent themselves or exploit agents. This is particularly important in the public sphere where the coercive power and authority of the state means relationships are not simple; often, they are involuntary.

Owen Hughes described NPM as having two main trends. The first was to move formerly public processes to the private sector, either by privatisation (the sale of public


78 It has been claimed that agency theory only applies to behaviour around the margins because there is, after all, no need to force people to do what they will willingly do. However, ‘agency problems’ were seen by architects of the New Zealand reforms, such as economist Peter Gorringe and former head of the New Zealand Treasury Graham Scott, as key problems needing addressing. Robert Gregory claims that the underlying assumptions of agency theory and public choice theory are still evident in the New Zealand public sector. See: Thomas Lange, ‘A Theory of the Firm Only A Microeconomist Could Love: A Microeconomists’s Reply to Lubatkin’s Critique of Agency Theory’, Journal of Management Inquiry, vol. 14 no. 4, December 2005, pp. 404-406; Scott and Gorringe; Robert Gregory, ‘All the King’s Horses and All the King’s Men: Putting New Zealand’s Public Sector Back Together Again’, International Public Management Review, vol. 4 no. 2, 2003, pp. 41-58.


80 Boston et al., 1996, pp. 32-3.
assets to private owners), or by contracting out public services to private providers. The second main change he identified was a move away from bureaucracy as the main organising principle for what remains of the public sector after privatisation. Public agencies are now increasingly dominated by managerial values instead of traditional administration.\footnote{Hughes, p. 15.} Hughes argues that the changes are sufficiently significant and widespread enough to represent a paradigm shift.\footnote{Hughes, pp. 2-3 and 257-264.}

NIE theories and the promotion of managerialism are evidenced in actual NPM public sector reforms to greater and lesser extents in different countries. Hood lists the following doctrinal components of NPM:

- hands-on professional management in the public sector; explicit standards and measures of performance; greater emphasis on output controls; shift to disaggregation of units in the public sector; shift to greater competition in public sector; stress on private-sector styles of management practice; stress on greater discipline and parsimony in resource use.\footnote{Hood, ‘A Public Management For All Seasons?’, 1991, pp. 4-5.}

These doctrines move public sector management away from traditional bureaucracy in a number of ways. The disaggregation of units was a feature of early NPM and involved breaking up multifunction departments into a number of agencies, each with a singular purpose. The rationale for disaggregation was the clarification of objectives so that performance could be more focused, performance monitoring simplified and conflicts of interest between provision and policy functions of agencies was removed. Breaking agencies down and focussing them on core business made it easier to introduce competition in the provision of services. The reformers aimed to replace the complacency, lack of focus on customers, and rule-boundedness that traditional public administration was criticised for, with greater efficiency and customer focus.

*Government Management*, the briefing written by the New Zealand Treasury to the incoming government following the 1987 election, listed its main principles of public sector reform. These were the need for: clarity of objectives; transparency of objectives
and means for achieving them; avoidance of capture of government policy by interest groups; incentives for civil servants to align their goals with the government's policies; the efficient use of information and acknowledgement of the costs of information; accountability of government agents to Ministers and the electorate; and contestability of policy advice and service delivery where possible, to enhance the efficient use of information.\textsuperscript{84} Two of the architects of the New Zealand reforms, Treasury economists Graham Scott and Peter Gorringe, have been explicit about the influence of new institutional economics on the reforms the New Zealand public sector underwent; the reform of the public sector in New Zealand was largely driven by agency theory, along with public choice theory and Williamson's theories on contracts.\textsuperscript{85}

A number of researchers have alleged that the shift from traditional public administration to NPM has impacted on the status and autonomy of public sector professionals.\textsuperscript{86} Managerialism has asserted the distinctiveness and necessity of management over other kinds of expertise within organisations, including the expertise of professionals. New institutional economists have reframed the motives and the 'problem' of professionals; public choice theory and agency theory have provided a cynical view of professionals as self-interested budget-maximisers who block reforms aimed at increased efficiency and greater customer satisfaction. In traditional public administration, professionals such as public sector doctors and teachers claimed autonomy and defended monopoly provision on the basis of their expertise: they knew best how to do their jobs; their professional ethical standards incorporated a concept of public good; they were best placed to set and monitor entry standards and to exclude the improperly-trained. Professionals frequently

\textsuperscript{84} The Treasury, 1987, p. 48.
\textsuperscript{85} Scott and Gorringe. In this article the authors outline a series of reforms and explain how the logic of agency theory underlies them.
moved into management positions but their seniority was based on professional competence as well as hierarchy.  

Ferlie and Geraghty report two kinds of NPM or managerial reform. The ‘soft’ approach is derived from private sector management’s human relations school. Here, attempts to control professionals are via the integration of professionals into the organisation and inculcation of the organisation’s goals and values, ahead of identification with professional goals and values. This is a more subtle form of managerialism. The emphasis is on culture change, quality improvement and capacity development instead of audit, external regulation, productivity or cost controls. ‘Hard’ NPM, on the other hand, seeks to control the activities of professionals by regulating and monitoring their performance, setting targets and tying these, where possible, to financial rewards. An example of hard NPM is the tying of academics’ grant money to their teaching and research outputs. Mistrust infuses the governing process as professional autonomy is replaced with subordination and control. Both hard and soft NPM are evident in the reform proposals New Zealand’s National Archives faced in the 1990s.

Ferlie and Geraghty speculate that the reforms were undermined when their ‘top-down’ nature failed to get professionals and other public servants onboard. Disaffected professionals have attempted to block or re-shape changes, and some have become outspoken critics of the reforms. Pollitt reported stiff opposition from professionals in the health and education sectors in the United Kingdom in the 1980s, to attempts to introduce performance measures. Allen Schick, Massey and Pyper, and Marilyn Taylor all reported a tendency for public servants to adopt a ‘tick box’ mentality towards their performance indicators, rather than genuinely embracing them. Massey and Pyper report that high levels of regulation of professionals have diverted their time and energies

87 Sehested, pp. 1515-16.
88 Ferlie and Geraghty, pp. 431-2.
89 Ferlie and Geraghty, p. 431.
90 Sehested, p. 1517.
91 Ferlie and Geraghty, pp. 439.
92 Pollitt, 1990, p. 131.
away from providing frontline services, to meeting accountability requirements. In the United Kingdom’s education sector, they claim that ‘there is very little evidence that [inspectorates and regulators] improved services, but it did lead to a massive increase in the costs of complying with new regimes’. 94

A persistent criticism of increased monitoring and performance is that it has created a new bureaucracy, one based around managerial values. Hood reports that several evaluations of public management reform initiatives have found increased, rather than decreased, rules and constraints on management freedom. 95 The ‘make managers manage’ approach in the United Kingdom and New Zealand in particular, 96 with heavy accountability regimes, has not provided the flexible, entrepreneurial workplaces advocated by many of the management gurus. Pollitt argues that,

The new right’s vision of efficient management lacked a coherent model of the highly-motivated, productive public servant. If it had one at all it was a clockwork model that ran on targets and bonus pay, not a flesh-and-blood figure that needed public recognition and respect. 97

Graham Scott reported debate within the New Zealand Treasury around the issue of what motivated civil servants; while some Treasury economists argued that money was a universal motivation, others argued that people were motivated by a range of factors. Scott put forward, and appeared to support, the view that for institutional economists there is

…a disbelief in the proposition that organisations, either private or public, can always safely be assumed to act selflessly in the interests of shareholders or citizens. 98

Scott proceeded to discuss bounded rationality, and provide anecdotal evidence from his time as head of the Health Funding Authority to show that deciding what constituted the

94 Massey and Pyper, pp. 16-17.
96 Kettl, p. 448.
97 Pollitt, 1990, p. 115.
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public interest was a difficult task, especially where trade-offs between conflicting interests were involved. The heavy reliance on contracts governing relationships in the New Zealand public sector has been criticised by Allen Schick as unnecessary, but Scott defends the use of contracts for specifying the expectations of principals and the duties of agents.

One of the aims of the public sector reforms in many countries was to improve the quality of information available about government programmes and operations. Better information would enable better decisions to be made. Boston et al. claim that the reforms in New Zealand have led to a ‘vast improvement in the quality and quantity of information’ about what the public sector is doing and how much it is costing. Allen Schick’s evaluation of the New Zealand ‘model’ of reforms includes the statement that, as a result of the NPM reforms,

Departments had a clearer idea than previously of what was expected of them, their output was specified and fully costed, chief executives had broad discretion to manage resources and operations, and ministers had choice obtaining outputs, including policy advice.

Despite success in these areas, Boston et al. report difficulties evaluating all aspects of the reform process: there is a shortage of empirical data and evidence; the comprehensive nature of the reforms in New Zealand make it hard to isolate the specific effects of particular reforms; the long-term outlook for the traditional model is unknown, thus removing a benchmark for comparison; studies that have been done interview elites, who were generally supportive of the reforms but the views of middle managers, workers, those displaced by the reforms, and the wider public, were not well canvassed.

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99 Scott, p. 28.
101 The Treasury, 1987, p. 56.
102 Boston et al., 1996, p. 359.
last problem is evident in the government-sponsored reviews of the New Zealand reforms by Logan (1991) and Schick (1996).¹⁰⁵

Some of the rhetoric around NPM suggest widespread adoption of its core policies. Kettl, for example, writes enthusiastically about the global spread of the reforms:

From the late 1970s through the mid-1990s, a remarkable revolution swept much of the world. Governments around the globe adopted management reforms to squeeze extra efficiency out of the public sector – to produce more goods and services for lower taxes. … From Korea to Brazil, from Portugal to Sweden, government sector reform has transformed public management. History might well record this as the first true revolution of the information age.¹⁰⁶

Christopher Hood sounds a warning against such sweeping statements:

Everyone knows New Public Management is an international or even global phenomenon, that it represents an attempt to correct the shortcomings of traditional public organization in efficiency and service-delivery to citizens, and that one of its central themes is to stress the importance of public managers’ discretionary space or freedom to manage. At least, statements to that effect are so commonplace that it seems everyone knows they are true. But ‘truths universally acknowledged’ usually merit some closer examination.¹⁰⁷

Hood goes on to point out that there has been substantial diversity, as well as commonality, in public management reform. Ferlie, Lynn and Pollitt agree. They observe that the global reach of the ideas underpinning NPM have been ‘impressive’ but that different countries have adapted its ‘package’ for their own circumstances. In some cases NPM has been consciously rejected.¹⁰⁸

Indeed, while the rhetoric on public management reform by the OECD, policy makers and top administrators had a tendency to converge around NPM norms, the comparative

¹⁰⁵ Schick, 1996; Steering Group Review of State Sector Reform, Review of the State Sector Reforms, Wellington 1991. Also known as the Logan Review.
¹⁰⁶ Kettl, p. 446.
literature on actual reform in European countries revealed ‘profound’ differences.\textsuperscript{109} Ferlie and Geraghty observe that ‘hard’ NPM is more likely to be adopted in countries such as New Zealand or the United Kingdom, than in more ‘consensual’ continental Europe.\textsuperscript{110} Christopher Hood reports that the new management paradigm is considered by some European observers as little more than a set of Anglo-American ideas and practices. He queries whether, ‘even the US and Westminster-model cases had much in common beyond superficial buzzwords’\textsuperscript{111}

Pollitt and Bouckaert’s comparative study of public management reform in the European Commission and twelve countries (Australia, New Zealand, the United Kingdom, the United States, and various countries in continental Europe) reveals a range of reforms undertaken since the 1980s. While there is considerable variation in how different European countries reformed their public sectors, one generalisation that Pollitt and Bouckaert make is that:

\begin{quote}
Nevertheless, when compared with the core NPM group, we can say that the Continental Europeans, as a whole have shared a more optimistic attitude towards the future role of the state, a more constructive/less ‘blaming’ approach to the reform of the public services, and a less sweepingly enthusiastic attitude towards the potential contribution of the private sector within the public realm.\textsuperscript{112}
\end{quote}

Pollitt and Bouckaert offer, ‘put another civil servant on the barbie, mate’, as a jokey example of the ‘blaming’ approach in Australia.\textsuperscript{113} Margaret Thatcher was successful in turning the public sector itself into a policy issue, instead of just the means through which other policies were implemented.\textsuperscript{114} As with Ronald Reagan in the United States, this was achieved by distancing herself from government, blaming the government for economic and social problems.\textsuperscript{115} Pollitt and Bouckaert consider a ‘blaming’ strategy unsustainable because it can call into question the legitimacy of the politicians doing the

\textsuperscript{109} Sehested, pp. 1514, 1520.
\textsuperscript{110} Ferlie and Geraghty, 2005, p. 435.
\textsuperscript{111} Hood, ‘Paradoxes of Public-Sector Managerialism, Old Management and Public Service Bargains’, 2000, p. 3.
\textsuperscript{112} Pollitt and Bouckaert, p. 99.
\textsuperscript{113} Pollitt and Bouckaert, p. 190.
\textsuperscript{114} Barzelay, pp. 1-2.
\textsuperscript{115} Pollitt and Bouckaert, p. 185.
blaming and distancing. Some public service groups such as nurses and fire fighters are more trusted than politicians, and attacks by politicians risk damaging their own public standing. Furthermore, voters who hold politicians, not managers, accountable for the state of the public service will at some stage ask why politicians have not corrected the problems they earlier identified.\(^\text{116}\)

Pollitt and Bouckaert distinguish four strategic approaches that politicians have used to try to solve problems identified with public administration. The first is a strategy called ‘maintain’, which involves keeping the same systems (no reform) but tightening up operations. The second strategic approach is to ‘modernise’ the administrative system by adopting ‘faster, more flexible ways of budgeting, managing, accounting, and delivering services to their users’. While this approach may include borrowing some techniques from the private sector, modernising the state involves strengthening, not diluting, the state. The third approach is to ‘marketise’ the state by adopting as many market type mechanisms as possible, replacing traditional administrative values with the values of the private sector. The fourth approach is that of ‘minimising’ the administrative system, for example, via privatisation and contracting out. Pollitt and Bouckaert report adoption of different combinations of these strategic approaches at different times by different countries in their study. Marketise and minimise are common in core NPM countries such as Australia under Prime Minister John Howard, the United Kingdom and New Zealand, although modernising was also been adopted in the United Kingdom, particularly under the Blair government. Nordic countries, the Netherlands and France focused on modernising. The EU Commission adopted a maintain strategy, with some modernising after 2000. Germany has not adopted a blaming strategy and has mixed maintain and modernise. The United States, under Reagan, had the rhetoric of minimise, but this was not widely adopted in practice at the federal level. Instead, the USA and Canada both had an emphasis on marketise and modernise.\(^\text{117}\)

\(^{116}\) Pollitt and Bouckaert, pp. 184-186.  
\(^{117}\) Pollitt and Bouckaert, pp. 183-194.
Hughes reports that the ideological component in new public management has become less evident as time has progressed.\textsuperscript{118} There are a number of explanations for this. The policies of early adopters such as Thatcher’s United Kingdom and New Zealand 1984-1993 have not been emulated by countries that reformed later. As Allen Schick pointed out:

\ldots few countries, and none of the most developed ones, have modelled their public sector along the lines of the New Zealand version. Some countries that have embraced ‘new public management’ have taken alternative routes to get the same results that New Zealand claims for its efforts. As an outlier, New Zealand has generated more fascination than emulation.\textsuperscript{119}

Rather, these later reformers have sought more emphasis on modernising instead of minimising or marketising. Marketising and minimising are inherently more ideological than modernising; they are both ‘how to’ doctrines, with a clear vision of what should characterise the public sector. Modernising, in contrast, opens itself more to pragmatism. While it suggests updating methods or systems, it does not dictate what form these should take. Modernising does not require a ‘blaming’ approach, whereby politicians blame the public service for inefficiency and other problems. The traditional public administration does not need to be demonised as a justification for reform.

Bouckaert traces changing strategies in public sector management: the favoured organisational design has moved from hierarchies to markets and, more recently, to networks. Each change has been motivated by deficits (perceived or real) in the current model; each new model has its own problems that then need solving. The perceived lack of performance, responsibility, accountability, transparency, control and policy capacity under traditional public administration was ‘solved’ by the creation of single purpose agencies, more autonomy for managers, and more performance measurement. But these responses, typical of NPM, in turn created new problems: dysfunctional autonomy, a loss of control by central agencies, suboptimal focus on outputs instead of outcomes, transactions costs, disconnected policy capacities and perverse ‘gaming’ with performance measurement systems. The solution to these problems includes renewed

\textsuperscript{118} Hughes, p. 270.
\textsuperscript{119} Schick, 2001, p. 2.
coordination either from hierarchies, new market type mechanisms or networks, and an increase in audit capacity. Bouckaert predicts that these measures will in turn generate problems that will need solving, for example what he terms an ‘audit tsunami’, and ‘performance triggered red tape’, as well as problems with recentralisation, and a growing distrust within the public services.120

Hood and Jackson posit that NPM is a recombining and repackaging of administrative doctrines (specific ideas about what should be done)121 that have been tried before, such as performance pay for public servants and the adoption of business-like practices in the public sector. NPM’s exponents, they allege, ignore the past in an attempt to promote the freshness of the new and to avoid careful examination of the past incarnations of policies they espouse.122 While the combination and packaging is new, the values one associates with NPM have arisen before.

Hood and Jackson identify three different groupings of administrative values that perennial administrative doctrines are aligned with. To an extent, these groupings are incompatible: the promotion of one set of values undermines the promotion of aspects of the others. Hood and Jackson align new public management with the values they call ‘sigma-type’. This cluster of values promotes economy and parsimony. Waste is considered failure and success is measured in money and time. Resources are matched to tasks, goals are measurable. Another cluster of values are labelled ‘theta-type’. This grouping is concerned with honesty and fairness. Due process is important; arbitrariness is a sign of failure. Public trust in institutions is prized as is the ability of citizens to access their entitlements and ‘exercise their citizenship effectively’. The third set of values Hood and Jackson identify are ‘lambda-type’ values. These values promote a robust and resilient public sphere, with sufficient slack to cope with emergencies and adapt quickly to problems. As with theta-type values, lambda values place a premium on

121 Hood and Jackson, Administrative Argument, p. 12.
122 Hood and Jackson, Administrative Argument, pp. 194-195.
public confidence in the ‘system’. Hood has compared the three sets of values across a range of criterion. While there is some overlap between the groupings, it is hard to satisfy all three groupings at the same time: a focus on parsimony (sigma) is not compatible with the need for slack to be built into the system (lambda); a focus on due process (theta) is not compatible with a focus on the most efficient production of outputs (sigma).

The literature on NPM surveyed for this chapter ranged from the excitable promotion of it as the new one-best way, through to scepticism about its newness, its universality and its desirability. This chapter proceeds to chronicle the adoption of NPM policies in New Zealand, where the adoption of NPM policies was imposed in a top-down manner with little consultation or exploration of the weaknesses of the framework.

**Economic and Public Sector Reform in New Zealand**

Both the New Zealand economy and public sector underwent radical restructuring between 1984 to 1999. These changes affected the composition, operation and ethos of the public sector. They impacted on the nature, and in some cases ownership, of the public record. The National Archives itself was subject to a series of reforms and reform proposals. The reforms and reviews of the Archives were influenced by the wider economic and public sector management reforms and their underlying philosophies. The remainder of this chapter highlights the key aspects of public sector management reform in New Zealand that impacted, directly or indirectly, on the National Archives.

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126 Commenting on wider reforms, economist Allan Catt said the reforms ‘should ultimately be the subject of an official inquiry as to why warnings from informed opinion and an abundance of evidence that the experiment was not working were ignored.’ Quoted in James in Miller (ed.), 1997, pp. 16-17. See also Brian Easton’s comments on the Reserve Bank Act, this thesis, Chapter 2.
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The reform process New Zealand underwent from 1984 is notable for its comprehensiveness, the speed of application and its theoretical base.\textsuperscript{127} The reforms included standard neo-liberal economic policies such as deregulation, and a promotion of managerial doctrines that had been applied to other national economies from the late 1970s. In addition, New Zealand also applied new institutional economics in a way that other countries had not explicitly applied to the government sector. The extent to which policies that reflect the concerns of new institutional economics were implemented in New Zealand and the way it was combined with managerialism is a major distinguishing characteristic of the New Zealand reform process.\textsuperscript{128}

When the fourth Labour government was elected in 1984, it inherited a highly regulated and protected economy. The New Zealand economy had performed poorly in the 1970s and early 1980s. The economic boom that New Zealand experienced following World War II came to an end in the 1970s with the loss of access to the British market for agricultural products in 1973, changing patterns of consumption for traditional products such as wool and butter, a world recession, and sharp oil price rises in 1974 and 1979.

While producers gradually diversified their products and markets in response to changing world demand, the Muldoon Government (1975-1984) moved to protect the domestic economy and the standard of living of New Zealanders during this period of adjustment. Muldoon’s protectionism delayed the impact of change. While protectionism was not new to New Zealand,\textsuperscript{129} in the 1970s and early 1980s it was widespread and it exacerbated poor economic indicators.\textsuperscript{130}


\textsuperscript{128} Christopher Hood, for example, claims that the reforms in Australia and the United Kingdom were more pragmatic and less theoretically based than in New Zealand. Christopher Hood, ‘De-Sir Humphreyifying the Westminster Model of Bureaucracy: A New Style of Governance?’, \textit{Governance: An International Journal of Policy and Administration}, vol. 3 no. 2, Apr. 1990, p. 210. See also Scott and Gorrige, 1989, for an outline of how agency theory influenced specific reforms.


\textsuperscript{130} Easton, \textit{The Commercialisation Of New Zealand}, 1997, p. 7.
The July 1984 election resulted in a new government. It contained ministers who were receptive to liberalisation. Their openness to liberalisation coincided with the New Zealand Treasury’s promotion of a neo-liberal reform programme for the economy. Neo-liberal policies had been applied to a range of countries prior to 1984, and were exemplified by Margaret Thatcher in Great Britain and Ronald Reagan in the United States, and promoted by world-wide by institutions such as the OECD, International Monetary Fund and the World Bank. Their policy goals became so mainstream around the world in the 1980s, that in 1990 New Zealand’s Deputy Prime Minister Geoffrey Palmer described them as a return to ‘orthodoxy’.

The intellectual origins of neo-liberalism include the writings of Milton Friedman and F. A. Hayek, who promoted ‘economic freedom as a cornerstone of both political freedom and economic prosperity.’ Broadly, neo-liberalism is based on the belief that individuals and markets are more efficient allocators of resources than government. Neo-liberalism considers efficiency a virtue, above other goals such as equity. This belief leads to policies that promote a reduced role for the state, optimum conditions for markets and free trade, and the promotion of individual rights over those of collectives. Policy consequences include reducing government debt, controlling high inflation and reducing taxation.

Treasury’s 1984 briefing papers to the incoming government advocated the removal of government controls on the exchange rate, interest rates, wages and prices, and the phasing out of import licensing, agricultural subsidies and tariffs. Tax rates were also flattened and a uniform consumption tax replaced differentiated sales taxes. Reducing government spending and debt were priorities. Government assets were later sold, in part, to reduce public debt levels. They were also sold because of the neo-liberal beliefs

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133 Quoted in James in Miller (ed.), p. 18.
that private ownership is inherently more efficient than public ownership and that the
efficient allocation of resources is the key to strong economic performance.

The fourth Labour government served two terms. The main focus of its first term (1984-
1987) was the radical liberalisation of the macro-economic framework of the New
Zealand economy. But the state sector was not untouched during this time. With
government spending contributing approximately 40 percent to GDP in 1984, poor
performance by the state sector was considered ‘an important contributor’ to the poor
performance of the economy overall:

Reforms in the core public sector are taking place within the context of economic
reform more generally, which involves changes in many aspects of policy. These
reforms have all arisen from a common source – a concern with the poor
performance of the New Zealand economy over a long period, in terms of both
economic efficiency and social equity. The changes to policies towards different
aspects of the economy all have in common a reappraisal of the role of the
government. This gives the whole package of reforms an internal consistency.

The size and role of the government sphere was reduced by privatisation and restricting
government spending only to those areas that could not be serviced by the private sector.
Government agencies were made to focus on core policy objectives, divesting themselves
of non-essential activities. As an example, in 1994 the Treasury advocated the sale of
items in the National Library that did not originate in New Zealand, including the sale of
the valuable ($15-20m) collection of original books by seventeenth century poet and
pamphleteer John Milton held in the Alexander Turnbull Collection.

Managerialism was adopted throughout the New Zealand state sector. Managerialism
does not have a firm theoretical base, but is the application of private sector management
practices and literature to the public sector. As with liberalisation, managerialism values
the lessons demonstrated by the private sector, its management practices ‘providing a

137 Scott and Gorringe, 1989, p. 81. Note, Scott and Gorringe worked for The Treasury during this time.
Listener, 4 June 1994, pp. 40-1.
benchmark for public sector practice.\footnote{Boston et al., 1996, p. 39.} As a consequence of the belief in management as a generic skill, public sector managers no longer needed to be recruited from within the public sector; and those making the ranks of management did not need first to rise through the ranks of the organisation they were to manage. Managers could move freely from one organisation to another applying their generic skills, irrespective of the nature of the organisation and the goods or services they supplied.\footnote{Easton, The Commercialisation of New Zealand, 1997, pp. 165-172.} With this decrease in emphasis on controlling process, there was less scope for political interference in the way organisations were managed.\footnote{Schick, 1996, p. 15; Boston et al., 1996, pp. 36 and 38-9; Christopher Hood, ‘A Public Management For All Seasons?’, 1991, pp. 5-6.}

Consistent with neo-liberalism and managerialism, government agencies were commercialised and state trading entities were privatised. Commercialisation introduced private sector management concepts into the public sector. These initiatives included introducing user-pays charges across a range of government services. All government agencies were required to value their assets, for new financial accounts. Assets that were unique and would never be sold still had values assigned them, even though these values were essentially arbitrary: the records in the National Archives were valued at $765m, and the Treaty of Waitangi at $26m.\footnote{Easton, The Commercialisation of New Zealand, 1997, pp. 184-185.} Monopoly rights and restrictions on government agencies were removed.\footnote{Boston et al., 1996, p. 367.} The state-owned enterprise (SOE) model was developed. This model stripped state trading companies of their non-commercial functions and required them to operate as if they were private sector companies.\footnote{Scott and Gorringe, p. 82.} The separation of commercial and non-commercial functions facilitated the eventual privatisation of many state-owned commercial operations.
The focus of the fourth Labour government’s second term, from 1987 until 1990, was reform of the machinery of government – the structure of government agencies and the allocation of functions to them – in accordance with the philosophies of new institutional economics. The 1990-1996 National government continued these reforms.

In the 1970s and early 1980s, a number of Treasury economists and other key public sector officials had undertaken postgraduate education at universities in the United States, where they were influenced by new institutional economics. Economist Alan Bollard claimed the ideas these officials were exposed to ‘were relatively new and had had little exposure in US policy, and not much filtering for New Zealand conditions in New Zealand universities.’\(^{145}\) Despite the experimental nature of what they were proposing, ‘The Treasury argued that the government should rethink all its traditional economic roles.’\(^{146}\)

Treasury’s theories were advocated and applied in an ideological manner – their underlying assumptions were presumed correct and not questioned or discussed by the analysts concerned. Allen Schick, reviewing the state of the New Zealand public sector in 1996, called the 1987 Treasury briefing to the incoming government, Government Management, an ‘extraordinary’ document:

> Although it alleges serious deficiencies in New Zealand government, it deduces these from the logic of institutional economics, not from the systematic study of public organisations. The evidence offered of government failure is slim – an incident here and there … to illustrate the difficulty the existing system imposed on assigning responsibility for governmental actions. The brief also has an undertone of ‘everybody knows government is inefficient so there is no need to prove the point’. … Clearly, different conclusions might be drawn if the brief were argued from different premises, for example, from the posture that civil servants are motivated by a public or professional ethic.\(^ {147}\)

Economist Brian Easton underscored this point with the example of advisory papers written by the Reserve Bank and the Treasury on the 1990 Reserve Bank Act. This Act

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\(^{146}\) Bollard, 1994, p. 94

\(^{147}\) Schick, 1996, p. 18.
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directed the Reserve Bank to implement monetary policy for the sole purpose of maintaining price stability. But nowhere in their advisory papers did the Treasury or the Bank discuss fundamental questions about this objective, such as,

First, is that a feasible objective for the Bank? … Second, how would the goal be attained? … [and] Third, what would be the consequences of achieving the goal? How would it affect the level of employment, growth and the balance of payments? There is absolutely no discussion of any of these questions in the available papers. They are not even posed.  

The reform proposals and the values underlying them were not subject to rigorous debate within the economics profession, and the Treasury,

… held a coherent internal position and was impatient with dissenting views. In such debates, the Secretary to the Treasury repeated Margaret Thatcher’s dictum that ‘there is no alternative’ to the reform program.  

The weak economics profession in New Zealand, plus our ‘thin’ legislative system lacking checks and balances, meant radical reform was able to proceed to an extent and at a speed not seen in other jurisdictions.  

Before 1988, the Public Service Act of 1912 governed the New Zealand state sector. This Act

… laid the basis for the modern public service. … By putting stress upon the development of a unified, career-oriented service, enjoying standard conditions of employment under the jurisdiction of senior and independent public servants rather than politicians.  

Roderick Deane, Head of the State Services Commission from 1986-1987, described the New Zealand state service before 1988 as being highly stable, characterised by

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149 Bollard, 1994, p. 91.
150 Kelsey, pp. 64-68; Bollard, 1992, p. 91.
152 Boston et al., 1996, p. 54.
…a substantial measure of political neutrality and the avoidance of both patronage and victimisation with respect to individual public servants. High levels of integrity and honesty within the Service were matched by extensive protection mechanisms and security of tenure.153

Despite this, Treasury’s brief to the incoming government in 1984 identified certain problems with the core public service at that time. There were inefficiencies due to input accounting, a lack of management plans and clearly defined goals, lack of freedom for department managers, and a lack of performance measures.154 The identification of these problems reflected very real concerns. For example, input accounting, where budgets are based on the costs of inputs – the number of staff employed, the size of the vehicle fleet and so forth – led to inefficiency and ‘perverse incentives’. By using more staff to carry out a task (for example), more funding could be argued for. The incentives were to spend more and gather more resources, not to fulfil objectives in the most cost-effective manner. While there were multiple goals in the core public sector reform process, reducing government spending through more efficient operations was one of these.155

Another concern about the state of the public sector was the lack of accountability of officials to ministers:

The influence exercised by senior officials, their independence, their durability, their security, and their long-term and broad orientation gave rise in some quarters to the belief that the public sector balance had shifted too far away from political control.156

Ministers in the third Labour government (1972-1975) claimed that they had trouble implementing their policy agenda due to ‘an entrenched conservative public service culture’.157 This experience fitted with the public choice model’s assumptions about self-interested, empire-building bureaucrats (agents) who were not responsive to the wishes of democratically-elected politicians (principals). Some of the ministers from the 1972-

156 Boston et al., 1996, p. 56.
1975 Labour government became key figures in the fourth Labour government. They were receptive to the idea of public sector management reform, prepared to ‘radically reorganise the public sector’.  

The New Zealand Treasury signalled the changes it wanted in its 1984 briefing to the incoming government:

A more coherent management system [for the public service] with clearer objectives for departments and staff, appropriate incentives, and a proper review mechanism could make an important contribution to the economic well-being of the country, given the size and importance of the public sector.  

These concerns were addressed with the State Sector Act (1988) and the Public Finance Act (1989).

The State Sector Act (1988) replaced the 1912 Public Service Act. It changed the title of heads of government departments from ‘Permanent Heads’ to ‘Chief Executives’. Initial appointments for Chief Executives were set at five years, with no automatic right of renewal. Ministers became involved in the appointment of Chief Executives, who were, in turn, answerable to their Minister for implementing government policy. But, in accordance with managerialism, Ministers were no longer able to interfere in the day-to-day operations of departments. Overall, the result was an empowered Chief Executive class, who were required to implement government policy but had more freedom as to how they did this, and who could appoint their own senior staff, with the possibility that they could surround themselves with like-minded people who did not challenge their direction. Their freedoms had, however, been countered by a rigorous accountability regime.

Under the State Sector Act, Chief Executives could be recruited from outside the public service. They became the employers of the personnel in their departments, being able to

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158 Boston et al., 1996, p. 56.
159 The Treasury, 1984, p. 293.
hire, fire and promote, subject only to the provisions of generic employment law\textsuperscript{161} and the requirement to be a ‘good employer’.\textsuperscript{162} These changes marked an end to the unified career structure of the public service and the concept of permanent tenure. The appointment of Chief Executives from the private sector ‘[undermined the] culture of the public service.’\textsuperscript{163}

The Public Finance Act (1989) complemented and reinforced the changes of the State Sector Act. It made Chief Executives responsible for the financial performance of their department. The Public Finance Act established a regime whereby Parliament voted sums of money (appropriations) for particular ‘output classes’ for each department. Output classes are categories of similar goods or services produced by the department, and are ‘purchased’ by the responsible minister, for an agreed sum.\textsuperscript{164} These outputs were tied to appropriations, and this transparency was further reflected in the adoption of accrual accounting. A principle of accrual accounting is that ‘income and expenses should be matched with one another, as far as their relationship can be established or justifiably assumed, and dealt with in the profit and loss account of the period to which they relate.’\textsuperscript{165} These changes were consistent with the managerial doctrine – managers were set clear goals (outputs) and were free to manage the achievement of these, but were held accountable for the results.

Before 1989, departments were financed for ‘inputs’ (resources used), which were paid at a rate determined by central directives. The new regime financed outputs, which the Public Finance Act defined as ‘goods or services that are produced by a department’. The Act defined outcomes as ‘the impacts on, or the consequences for, the community of

\textsuperscript{162} \textit{State Sector Act 1988}, s. 79(2).
\textsuperscript{163} Easton, \textit{The Commercialisation of New Zealand}, 1997, p. 178.
\textsuperscript{164} It should be noted that outputs can be (and are often are) purchased from other forms of government agencies and from private sector companies and third sector organisations.
the outputs or activities of the Government. It thus tied outputs to outcomes in a causal way. In this regime, Chief Executives of public agencies were accountable for outputs (goods and services) and Ministers were accountable for outcomes (the impact of these goods and services).

Traditional administration had an accountability framework based around probity: agencies were held to account, retrospectively, by audit agencies that checked records to ensure correct procedure had been followed. American public policy scholar Robert D. Behn has argued that the challenge for new public management was, how to hold the public service to account for performance (rather than process) and how to incorporate a concept of democratic accountability into a system that promoted managerial discretion for process. For New Zealand officials, however, accountability relationships were simple. Managers were accountable to Ministers, with whom they negotiated purchase agreements and performance agreements. Democratic accountability lay with Ministers, not managers, and it was they who were accountable to the Parliament and to the wider public.

New Zealand adopted what Schick has termed ‘hard-edged contractualism’, where ‘government should be organised to minimise opportunism and transaction costs in relationships between self-interested parties.’ The purchase of outputs was managed by the use of specified contracts, or purchase agreements. Rather than ‘letting managers manage’, he said the New Zealand approach has been to implement accountability regimes that ‘make managers manage’. Gregory describes this contractual approach to relationships as undermining trust. Schick outlined disadvantages arising from it, including high compliance costs associated with detailed accountability regimes, which to some extent undermine the advantages and efficiencies gained from other aspects of the

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166 Public Finance Act 1989, s. 2. These definitions were repealed by the Public Finance Amendment Act 2004.
170 Robert Gregory, ‘All the King’s Horses and All the King’s Men: Putting New Zealand’s Public Sector Back Together Again’, for example p. 47.
Chapter 2: Public Sector Reform

reforms. Schick observed that the accountability regime in the New Zealand reforms, ‘is not an afterthought or a by-product, but the central thread.’

The Public Finance Act expressed the performance of departments and Chief Executives in terms of ‘deliverables’. This has led to a criticism that the purchase interest of government, which is buying outputs, has been stressed at the expense of its ownership interest, which is investing in the long-term capacity of the state sector.

The fear that managers develop a ‘checklist’ mentality to their jobs and lose public-regarding behaviour has also been raised. The Auditor and Controller-General reported in 2001 that ‘development over the past decade has been uneven, with heavy emphasis on financial and output reporting, and too little emphasis on other areas – such as impact evaluation and outcome reporting.’

Systematic budget cuts during the 1990s have added to concerns about long-term capacity.

The beliefs that markets are inherently more efficient allocators of resources than central control, and that competition would result in more efficiency and effectiveness than cooperation would, had policy consequences for the state sector. Competitive tendering was introduced where possible and agencies were expected to select the best tender irrespective of source, public or private. Quasi-markets were created where markets did not naturally arise, for example, in the electricity sector. Contestability was promoted.

*Government Management* listed ‘contestability of both policy advice and service

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172 Schick, 2001, p. 16.
173 Graham Scott, p. 17.
delivery’ as a characteristic of successful governments, and stated that contestability ‘should be encouraged, either externally or internally.’

‘Contestability’ is an economics term referring to the potential for competition. In a contestable market, actual competition does not exist. However, the threat of potential competition is sufficient to ensure efficiency. Contestability assumes that it is easy for firms to enter and leave markets. An existing firm charging ‘monopoly rents’ (prices above those expected in a perfectly competitive market) would attract competitors to the market; the fear of this competition acts as a check on pricing and other monopoly behaviours.

When used in a public sector context, contestability acknowledges that perfectly competitive markets for policy advice and service provision do not (and probably cannot) exist, but it seeks to establish conditions that mimic the effects of competition in order to achieve the benefits of competition. In New Zealand, competition has been achieved in some areas of service delivery, with contracts for the provision of services being put to tender and tenders not necessarily being awarded to the government agencies previously undertaking the work. For example, in 1999 it was proposed that 100 per cent of the public funding for maintaining, promoting and providing policy advice on historic places and sites, should become contestable.

Contestability theory suggests that even when there has not been an obvious private sector organisation capable of undertaking the work, the uncertainty about who else might place a bid for the contract ensures bids are competitive. In this way, even markets with few providers mimic competitive markets. Likewise, policy analysts undertaking policy work are now aware that their minister is able to commission reports from other

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analysts and organisations, a discipline that should encourage the highest quality work from those involved in the process. Contestability of policy advice also enables ministers to ‘weigh up competing ideas’, selecting the best.  

In practice, contestability has been ‘more ideal than reality’, with a State Services Commission project in 1999 suggesting that as far as policy advice is concerned, while ‘proposals presented to Cabinet have generally had input from more agencies and therefore embody wider perspectives than was the case in the past’, many Ministers had not contracted policy advice from outside their own departments and there was no clear evidence that more ‘fingers in the policy pie’ led to better quality policy. In her 2000 report on the quality of policy advice and its relationship to the machinery of government, Sally Washington provides a range of reasons why, in practice, contestability of policy advice can lead to problems, including a lesser quality policy:

… it could be argued that there is a tension between contestability of advice and policy coherence. In practice, while the disaggregated Public Service means that Ministers collectively have access to multiple sources of advice, it has also resulted in an apparently sub-optimal level of policy coherence. Other tensions arise from having a multitude of organisations involved in policy deliberations. Rather than giving Ministers sufficient information to choose from competing policy options, multiple sources of advice can leave Ministers with confusion rather than clarity. Moreover, it seems that competition between ideas is sometimes less evident than conflicts between institutions.

The reforms in New Zealand led to a range of organisational designs including disaggregation. Disaggregation of the New Zealand public sector came about, in part, by way of the separation of commercial and non-commercial activities of departments and trading organisations. In addition, many organisations were restructured along functional lines, in what was called ‘functional separation’ or ‘policy/provider/purchaser splits.’ Functional separations involved splitting multipurpose agencies into a series of smaller agencies along the lines of their function – say, one providing policy advice, several

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183 Washington, p. 7.
184 Washington, p. 7.
185 Washington, p. 15.
others each providing different services – rather than grouping everything to do with a policy area (such as archives) in the one organisation.

Functional separation was a mechanism for encouraging competition and contestability and for aiding accountable, transparent management by focusing organisations on their core missions and providing clear goals. Such separations had been undertaken in other liberal democracies, such as Sweden, but New Zealand was unique in being motivated by public choice theory. Functional separations were promoted as a means of reducing capture by special interest groups. If operations and policy advice are part of the same organisation, the policy advice might be ‘contaminated’ by the provision of services; that is, the concerns of operations might be taken into account by the policy advisors, making it less likely that they will give fearless, organisationally-neutral policy advice. A policy unit that is part of the same organisation as a service delivery unit is less likely to consider the full range of policy options. Take the example of a housing policy unit combined with a housing provision unit in one large housing department. In this scenario the policy unit is less likely to advocate the abolition of state provision of housing than if it were a stand-alone policy unit. As a result, the full range of policy possibilities is not considered.

Likewise, ‘purchasing’ units, those government agencies that ‘purchase’ government services, are more likely to consider all tenders dispassionately if they are a stand-alone unit, than if they belong to a larger organisation that also combined service provision. With the separation of purchase and provision, there would be greater fiscal discipline, ensuring that the services contracted for were indeed delivered (transparency), and that providers were continually held under pressure to increase their performance. This discipline was seen as less likely if the deliverers of the service, and its auditors (the purchasers), were part of the same organisation.

187 Scott and Gorringe, p. 87.
Problems soon became apparent, however, with the application of this theory. The separation of policy units from operation units led to a situation whereby the policy agents lacked information about operations, and there were no incentives for operations agencies to provide that information. Operation units were therefore better informed than the policy units, leading to what was called ‘policy creep’, whereby the better informed implementation (operations) units started creating ‘competing policy capacity’. Rather than ‘sharpening the focus of [policy] departments’, functional separation ‘resulted in a Public Service architecture that is highly disaggregated with a large number of relatively small departments.’ This created co-ordination problems and resultant quality problems. ‘Diseconomies of scale’ were also identified as a problem of large numbers of small agencies required to comply with the rigorous accountability regime of the new public sector management paradigm.

By the mid-1990s it was apparent that the public sector management reforms had led to major coordination problems, with ‘concern that departments were failing to give sufficient attention to the collective interests of the government.’ Functional separation was abandoned as a concept, and the coordination problems arising from vertical accountabilities, disaggregated organisational design and contestability were addressed in a series of strategic management proposals that included trying to tie outputs to outcomes.

A 2001 review of the New Zealand state sector, *The Review of the Centre*, describes the fragmentation problem thus:

> Fragmentation makes coordinated service delivery more complicated, adds to the costs of doing business, and blurs accountability for some issues. Structural fragmentation means many small agencies, spreading leadership talent and other skills more thinly and increasing the risk of weak capability. Fragmentation means Ministers need to build relationships with multiple agencies, and at times

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188 Washington, pp. 12-13, for all quotes and paragraph generally.
189 Washington, p. 3.
190 Schick, 1996, p. 29.
191 Although official concerns date back to the *Logan Review*, 1991.
reconcile conflicting agency positions at an excessively detailed level. Fragmentation can make alignment more difficult.\textsuperscript{193}

A series of strategic management and coordination initiatives began to redress these deficits. The Fiscal Responsibility Act 1994 ‘requires the government to establish and disclose medium and long term economic and budgetary objectives’\textsuperscript{194} thus reducing short-term checklist mentalities and encouraging capacity-building. It also included a formal strategic phase in the budget process. This has enabled ‘the debate on overall fiscal strategy to be separated from questions of detailed budget allocations and makes trade-offs more explicit.’\textsuperscript{195}

In 1993 The Bolger administration released \textit{The Path to 2010} and a companion document, \textit{The Next Three Years}. These outlined the government’s strategic direction.\textsuperscript{196} Following these was the development of Strategic Result Areas (SRAs) and Key Result Areas (KRAs). SRAs were general statements of government priorities over the medium term and KRAs were the goals departments needed to achieve in order to bring about the SRAs. KRAs became part of the performance specifications for Chief Executives.\textsuperscript{197}

The aim of the SRAs and KRAs was to integrate the work of government ministers and agencies, focusing their work towards the achievement of government’s strategic priorities … to ‘link political vision with government policies and operations. [These strategic objectives were designed to] … pull ministers and departmental CEOs together.’\textsuperscript{198}

In 1995, the government’s stated objectives for the 1994-1997 period were maintaining and accelerating economic growth, enterprise and innovation, external linkages, education and training, community security, social assistance, health and disability

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\textsuperscript{194} Schick, 1996, p. 3.
\textsuperscript{195} Boston et al., 1996, p. 287.
\textsuperscript{197} Scott, 2001, p. 340.
\textsuperscript{198} Simon Murdoch quoted in Scott, 2001, p. 342.
services, and Treaty claims settlement. Because the SRAs were very general, and accountability achieved via checklists, there have been claims that the SRA/KRA system was

…corrupted by some managers who adroitly used the strategic and key result measures to campaign for additional resources. It was not hard for them to make the case that one or another ongoing activity would contribute to this or that strategic measure, nor difficult for them to argue that they were meeting KRA milestones.

The SRA and KRA system tightly tied planning and accountability, a combination that Richard Norman suggests ‘sets up a variety of defences that drive managers towards the easily measurable, auditable, and readily achievable.’ KRAs, once ‘embedded in performance agreements … became the checklists by which managers ran their operations to show they were producing the expected results,’ thereby exacerbating the checklist mentality encouraged by previous reforms.

In recent years there has been some relaxation of the highly ideological approach to public sector management and the machinery of government. But reviews like The Review of the Centre retain a heavy and extensive accountability regime, which is based on public choice theory’s and agency theory’s belief that human nature is self-serving and therefore people cannot be trusted. The New Zealand public sector management system as designed and implemented from the mid 1980s onwards undermined trust-based relationships and encouraged managers to have a mechanistic and ‘narrow view of their work’. Public sector values were degraded at the expense of private sector values, competition promoted ahead of cooperation.

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199 As recorded in Scott, 2001, p. 341.
200 Schick, 2001, p. 5.
202 Schick, 2001, p. 5.
203 Schick, 2001, p. 16.
204 Schick, 2001, p. 2.
Chapter 2: Public Sector Reform

Conclusion

This chapter has outlined key influences on reform of the New Zealand public sector from the mid 1980s until the early 2000s. These reforms have been situated in the international context and some of the debate around these reforms canvassed. The focus has been on issues relevant to the archives case study at the centre of this thesis. The New Zealand experience of reform, when compared to other countries, has been demonstrated as extreme and heavily influenced by economic theories of behaviour. The changes represented a paradigm shift.

The purpose of this chapter is to provide background for the reform proposals New Zealand’s National Archives faced between 1994 and 1999. The reforms the Archives faced arose from the logic of NPM, not the logic of archives. The reformers - officials and consultants, but not, in the case of the Archives, politicians - had doctrines that fit with Hood and Jackson’s sigma-type cluster of values. This contrasted strongly with the values of the Archives’ stakeholders, who resisted the reforms using archival values and legal arguments. The values of the archivists are the subject of the next chapter. These values have more in common with Hughes’ traditional public administration and Hood and Jackson’s theta-type cluster of values, than NPM.
Chapter 3: The Professional Ethos of Archivists

Poor recordkeeping attracts corruption like flies to a carcass\(^1\)

While archivists couch their task in terms of its importance to democratic accountability – others – politicians, policy makers and the general public – are often unaware of what archives are or what archivists do.\(^2\) For example, archives and libraries are sometimes assumed to be similar institutions but the functions of the institutions and the underlying principles of the professions are quite different. This chapter defines archives and records and explains their connection to bureaucracy and democracy. It also demonstrates how archivists themselves conceive of their task. What do they think they are doing? What values drive their profession? Setting out the logic of archivists enables contrast with the values of new public management (NPM) reforms in later chapters.

This chapter is structured in three parts. The first section is on the nature of records. It has been written by surveying archival literature and so, in effect, it accepts the justifications of archivists. The second section of this chapter, the professional ethos of archivists, explores the professional development of archiving, moving from historic to more contemporary issues and debates, and moving from the international sphere to a brief outline on the ways international issues, writings and people have influenced the development of the profession in New Zealand. The third section builds on the previous two to ask: given their values, how do archivists view machinery of government issues?


\(^2\) Ray Grover, ‘The Realpolitik of Archives: Awareness, Values and Vision’, Archifacts, October 1996, pp. 100-1. Chapter 4 in this thesis on the history of archives in New Zealand, and the case study chapters (5, 6 and 7), all develop the claim that politicians and policy analysts in New Zealand tended to lack an awareness about archives.
The literature surveyed here covers prescriptive standards for institutional design, the location of the central archives in the public sphere and recommended governance arrangements. While the NPM reform proposals New Zealand archivists faced have been described as unprecedented, archivists in other countries have faced some NPM initiatives. The perspectives of archivists in the United Kingdom provides a critique of some aspects of NPM reform from an archivist’s point of view.

This chapter uses the arguments of archivists to outline the professional rationale for archives as a central agency for democratic accountability. The focus of this chapter is not on the reforms the New Zealand Archives faced but rather the nature of the profession.

The Nature of Records
Archives policy is concerned with the making, managing and preservation of, and access to, records. This study restricts itself to official records, those relating to the business of New Zealand’s central government and its agencies.

The term ‘archives’ has a range of meanings. It can be a physical space, an institution such as an archiving authority, or the actual contents of an archival institution. Generally, I will be using the term ‘records’ to mean documents in any medium, whether newly created or much older, whether located at the originating institution or the archiving institution. I will use the term ‘archive’ to refer to an archival repository and its contents. Modern archivists talk about the life of a record as having stages: records are created and used, they gradually become less useful to the originating agency and at some point are assessed for permanent value. If permanent value is determined, then the record is preserved at an archive; if the record is deemed to be without permanent value, it is destroyed. Any comprehensive archiving policy must concern itself not just with records in an approved repository (an ‘archive’), but with the entire life of the record, from the

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point of its creation. After all, if records were destroyed before they gained archival status, there would be nothing to archive. In addition, many institutions routinely deposit records with an archiving authority once they reach a certain age, on the proviso they can access them when and if needed. That is, records might not be in current everyday use, but they are not necessarily permanently ‘dead’. Records managers and archivists therefore need to work together to ensure compatible philosophies and professional standards.

Records are the documentation produced in the course of business or administration. Unlike books, they are not an end-product, but are the by-products of activities that exist for their own reasons. While records are documents that accumulate in the course of business, that business is itself not organic. Government policies, public sector management practices and organisational structures all contribute to the way business is done. This in turn impacts on the nature and quantity of records made. In addition, policies specifically relating to the making and keeping of records also affect the documentation of official business. For example, in New Zealand government agencies are required to make and keep records on their organisational structure, financial performance and specifics of their service delivery.

Some documents, like the Treaty of Waitangi or the United States Constitution, are valued for their antiquity and symbolism. Most records, however, are much more prosaic. Their value arises from the evidence they provide about the functioning of government agencies. They are produced to facilitate the business at hand, not with a view to posterity. Once that original usefulness has been met most records can be destroyed, having no lasting evidential or cultural value. Michael Cook comments that

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7 Ann-Marie Schwirlich writes, ‘It has been estimated by archivists that 90-95% of the records generated should be destroyed once they have outlived their usefulness for the conduct of business and have satisfied any other values, for example, government, legal and financial requirements.’ From ‘Introducing Archives and the Archival Profession’, in Pederson (ed.), p. 5.
while records may ‘include data which originated outside the organisation (for example in incoming letters), [they] are essentially an internal information source.’

Record making and keeping is not a modern bureaucratic phenomenon. Records are found in all ancient literate cultures: records from Mesopotamia, Babylon, ancient Egypt, Greece and Rome have survived the millennia. Systematic recordkeeping is evidenced from the Western Chou government of China, 1000 B.C.

Records of transactions, agreements and general history were once oral, relying on memory and witness credibility. The invention of written language changed the way people think, transforming speech ‘by abstracting its components, by assisting backward scanning.’ As Walter Ong put it: ‘…abstractly sequential, classificatory, explanatory examination of phenomena or of stated truths is impossible without writing and reading.

The ability to make and keep written records changed intellectual capacities. It also impacted on the nature of bureaucracy. Herbert Gann has claimed that the development of writing made bureaucratic control possible:

Society gradually became capable of accumulating information acquired in the distant past and preserving it accurately. Bureaucratic administration, defined in Max Weber’s brilliant analysis as ‘the exercise of control on the basis of knowledge’, could at last come into existence.

It is the making and keeping of records that enables large-scale public administration to function. Records aid institutional memory and the consistent application of rules in

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large-scale organisations. Continuity over time and across regions became possible. Record making and keeping has changed the nature of administration, enabling the development of large-scale bureaucracies:

Administration became predictable and impersonal. The knowledge derived from records led to greater efficiency and administrative organisations became capable of a greater degree of specialisation of labour and of long-term planning. Official records therefore not only reflected, but also influenced, the growth, the expanding activities, and the structural changes of administrative offices.¹⁵

Records embody the policies of government and the activities of its agencies. They detail the relationship between the government and its citizens:

[Records] contain evidence of financial and legal commitments that must be preserved to protect the government. They embody the great fund of official experience that the government needs to give continuity and consistency to its actions, to make policy determinations, and to handle social and economic as well as organizational and procedural problems. In short, they are the foundation upon which government structure is built.¹⁶

The government in New Zealand committed itself to the systematic, large-scale retention of records with the passage of the Births and Deaths Registration Act 1848 and the Land Transfer Act in 1870. This Act recorded property rights.¹⁷ In all regimes, records aid the control of citizens: records establish whether children have attended school, businesses have paid sufficient sales tax and drivers are entitled to be on the road in charge of a vehicle. The more oppressive a regime, the more control is exerted over citizens. In large-scale oppressive societies, records are needed to document the restrictions of peoples’ freedoms and information on citizens that could later be used against them. The opening of the archives of the former East German Ministry for State Security (the Stasi) has revealed just how extensive their records on the activities of citizens were: the stack of files stretched more than 202 kilometres.¹⁸ The operation of apartheid in South Africa involved the racial classification of all residents. A person’s classification determined

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¹⁵ L. H. Gann, p. 50.
¹⁶ Schellenberg, 1956, p. 10.
their movements and the activities open to them. The system required an extensive bureaucracy to record all such details.19

Records contain information and the control of information represents power. In an effort to keep his records from reaching the public sphere, current United States Vice President Dick Cheney has argued, unsuccessfully, that since his office is not a branch of the executive government it is not covered by the Presidential Records Act.20 There is evidence that World War I records were tampered with in order to downplay the culpability of Field Marshal Sir Douglas Haig for the slaughter of his troops on the Western Front, and that ‘society’s memory tools and institutions, including archives’ have, until recently, systematically excluded the experiences of women.21 The role of records in corruption scandals in Australia are discussed later in this chapter.

The French Revolution marked the beginning of modern archiving in democracies. Following the revolution, old records were not destroyed but were kept as evidence of the previous regime. These were recognised as having a cultural value and were retained. Records of the new regime were kept to document the work of the government:

Because they were concerned with the destruction of an old society and the creation of a new one, they were made conscious of the importance of public records in defining various social, economic, and political relationships…. They also found such records to be fundamental in establishing newly won rights and privileges, and so they marked for retention all papers useful in substantiating the rights of the state to confiscated properties.22

A strong independent and national archives administration was set up, which nationalised private collections as well as cared for public records. The importance of the state caring for its documentary heritage was recognised and the French public was given right of

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22 Schellenberg, 1956, p.9
access to records.\textsuperscript{23} It was not until the second half of the twentieth century that New Zealand governments gave similar standing or priority to archives and records.

New Zealand’s public archives exist as part of our constitutional framework. Political constitutions are about the powers of the state. They provide a framework that enables and constrains the state’s powers. New Zealand’s constitution outlines how government is structured, the powers of the government and how public institutions interact with each other and with the public.\textsuperscript{24} The constitution contributes to the environment in which political decisions are made. It consists of laws, fundamental principles, conventions and institutions. New Zealand’s archives regime is a component of our official information regime. This regime is, in turn, part of our constitutional framework. The documentation of official actions and public access to this documentation are cornerstones of accountability. As with the issuing of land title certificates, records can provide evidence of rights and entitlements:

Public records obviously define the relations of the government to the governed. They are the ultimate proof for all permanent civic rights and privileges; and the immediate proof for all temporary property and financial rights that are derived from or are connected with the citizen’s relations to the government.\textsuperscript{25}

New Zealand is a representative democracy, in which citizens entrust political decisions to politicians, rather than govern themselves directly. These political decisions, often in the form of policies, are carried out by the public sector. Holding both politicians and the public sector to account is important to ensure that delegated authority is used responsibly. Tools of accountability include control agencies, such as the Office of the Controller and Auditor General, a free investigative press and access to official information contained in records.

The archiving framework acts as a control or check on the operation of the public sector. It aids democratic accountability and contributes to the functioning of other constitutional bodies such as the Ombudsmen, commissions of enquiry, auditors and so forth. Without

\textsuperscript{23} Schellenberg, 1956, p. 5.
\textsuperscript{25} Schellenberg, 1956, p. 9.
good records management systems in place, the work of all other scrutinising agencies is seriously hampered:

The discipline of an effective records management system, starting with the creation of a record and ending in its proper archival storage or destruction, ensures that effective scrutiny of government activity can take place. All institutions of accountability such as courts, auditors, commissions of inquiry and ombudsmen rely upon records to trace the events and transactions that have occurred to determine whether such events and transactions are in accordance with the law or correct procedures. If there are no records, or if the records are incomplete, inaccurate, or unreliable, public confidence in the activities of government is difficult to maintain. According to David Bearman, ‘Archives and records management share a simple goal: providing for organisational accountability.’

While records may be created as a consequence of people going about their daily business, they can clearly have greater significance. They can also be tools of control. Record management regimes can be seen as double-edged swords. Records are used not just to reconstruct the events reported on, but also to study (judge) the record-maker.

Official records are vital tools of control on three levels: to enable public sector managers to check the work of their staff (managerial accountability), to enable the government to scrutinise the work of its agencies (purchase accountability) and to enable public scrutiny of the government and the public sector (democratic accountability). A teacher uses records to measure the progress of students, the principal uses those same records to measure the performance of teachers, school inspectors use them to measure the performance of the school under the principal’s leadership. So records have an important role in the supervision and subordination that exists in bureaucratic hierarchies.

While it is claimed that records are prosaic and are by-products of activity, record-makers may be aware of supervision and auditing of their work, and hence be self-conscious about what they record. In sociology, the Hawthorne Effect refers to a common research dilemma - how much has the process of being studied altered the way subjects behave,

while being studied? It has been suggested ‘that there might be an analogous archival Hawthorne Effect: that is, if certain administrators know that their records are destined to come to the archives, that fact may influence the character of the record created.’

If sensitive discussions are taking place about an issue, participants, knowing the written record could be studied at a later date, may self-censor to avoid subsequent repercussions. So a regime, such as a freedom of access to information regime, may have the opposite effect to that intended, encouraging coded language or the absence of frank discussion. In both cases there will be incomplete records. Writing in 1987, archivist Rosemary Collier wondered whether, with the passage of the Official Information Act, ‘…the fears of some archivists, that unself-conscious recording of administrative matters and administrators’ would disappear, may have been partially fulfilled.

This undermines one of the prime definitions of official records as being documents that arise organically in the course of business. But records are still useful to provide evidence about events. Of course they are not the event itself - they are not facsimiles of the event, merely representations of the event they are recording. Despite this, and the possibility of records being doctored or manipulated, or affected by the biases of their creators, records are still a useful tool for reconstructing history. While the event passes, the record of the event remains, providing useful, if incomplete or sometimes flawed, information. They enable the past to be studied by people who were not participants or direct observers of the events in question. Records are important because they tell us not only about the events they describe, but also about their creators. Indeed, sociologist Stanley Raffel claims that in bureaucracies, administrators acknowledge that they were not present at the event and cannot therefore verify the accuracy of the record. Instead they focus their accountability mechanisms on the dependability of the record maker, for

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if the record maker is dependable the record should therefore be accurate. They also focus on the completeness of the record (for example, has it been filled in properly and signed?), rather than its truth.\footnote{Raffel, generally pp. 84-106.}

**The Professional Ethos of Archivists**

As will be argued in Chapter 4, New Zealand politicians and policy makers have placed little value on archives and records. But archivists themselves have a clear idea as to their worth, a strong sense of vocation:

> The unremitting perseverance of a Sisyphus is a fine model for those who seek to conserve, maintain and develop a civilized society. The threats are constant and the achievements vulnerable. Archives keeping is an essential part of that society; indeed it is one of the cornerstones. A recondite activity, it is easily undermined. A prime feature of a modern civilized society is that it is open. The degree to which it is open depends on the degree of freedom of information that operates; public archives keeping is concomitant with freedom of information.

> It is not just the obsession with secrecy, however, which helps to undermine archives keeping. Neglect and indifference to the survival of records of great national importance, but of no immediate use to day-to-day administrators, have destroyed even more archives than public service paranoia. New Zealand’s archival history exemplifies this.

> We have no reason to expect … that a bureaucracy, although it produces archives, is necessarily sympathetic to the committed archivist. A committed person, however, has one advantage over the normal functionary – inner determination and control and personal values not dominated by the material.\footnote{Ray Grover, ‘The Realpolitik of Archives: Awareness, Values and Vision’, 1996, pp. 96 and 97.}

Archiving has a low profile in New Zealand and there has been both ignorance of, and misunderstanding about, the field. Most people do not know what archivists do. One explanation for such ignorance is that as children we regularly come in contact with librarians; very few of us have anything to do with archivists.\footnote{Ray Grover, 1996, p.100.} In many cases, the work of archivists is assumed to be similar to the work of librarians. Both institutions deal with collections of paper, engage in conservation, hold exhibitions and facilitate public access.
to information. But in a country like New Zealand, the similarities are superficial. Mostly, New Zealand libraries deal with copies of original work whereas archives deal with original documents. Most articles in libraries are copies, with the exception of special collections. If the copy is lost or damaged, it can be replaced. Libraries are concerned with wide public access. In archives access must be controlled. In some cases this is because the information contained in the documents is sensitive; in all cases, because of the uniqueness of the document. Users can, for the most part, find their way around library collections using catalogues. For researchers using archives, specialist help is often required to locate relevant documents. In New Zealand, the National Archives has a statutory regulatory role controlling many aspects of public sector record-keeping and disposal. Libraries are more user-driven and customer-focused. Libraries consider the general public as their customers; New Zealand archivists consider their main customer to be the government agencies that deposit records.\footnote{McDermott Miller, \textit{National Archives: Independent Review}, 25 November 1994, pp. 33, 84. Hereafter \textit{McDermott Miller Report}.}

Politicians and policy advisors also tend to know little about archives and archivists, ignoring them or assuming similarities with libraries. For example, when the New Zealand Treasury advocated a study of the National Archives in 1994, the primary aim was to determine whether efficiencies could be gained by merging the Archives with the National Library.\footnote{The Treasury, ‘Aide-memoire for Bilateral Meeting with the Minister of Internal Affairs’, T94/217, 11 February 1994.} This became part of the terms of reference for a subsequent review by consultants McDermott Miller Ltd. After examining the two institutions the review team quickly established, contrary to Treasury presumptions, that the work of archives and libraries was so different that a merger would not result in synergies.\footnote{\textit{McDermott Miller Report}, s.5.11, pp. 83-87.}

Archiving is a recent profession in New Zealand, but record-keeping has its roots in all ancient literate societies. Archiving as a modern profession has developed differently in different parts of the world. European archivists have been influenced by a long tradition of maintenance of the official record. They have been influenced by law and by ‘diplomatics’, which is the study of the authenticity of a record. In England and a
number of continental European countries, central archives developed from existing Court or ministerial archives. Indeed, it has been pointed out that

The word ‘archives’ derives not from the word meaning ‘old’ as in ‘archaic’, but from a Greek word ‘archeion’ meaning magisterial residence or public office. The word therefore denotes the official nature of archives, not their age.

Until the French revolution, archives in Europe, ‘existed primarily to serve the legal needs of records creators, [and] their use was limited to the bureaucracies that controlled them’. Archives reflected the interests of those in power and marginalised those without power.

The French revolution saw the beginning of strong, central national archives and the principle of public access. During the nineteenth century, public archives gradually became more accessible to historians. Historians and archivists worked closely together.

If a profession requires the formulation and promulgation of key philosophies, then modern archiving can trace its roots to the development of the principle of ‘provenance’ in France in the 1830s. By 1898 a trio of Dutch archivists wrote a text, *Manual for the Arrangement and Description of Archives*, which provided theoretical justification for the principle. This text was influential in Europe and England, although it was not translated into English until 1940. Provenance did not gain currency in the United States until the second half of the twentieth century when it was promoted by archivists such as Theodore Schellenberg and Ernst Posner.

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40 Terry Cook, ‘What is Past is Prologue’, p. 2.
41 Blais, p. 11.
Chapter 3: The Professional Ethos of Archivists

In archiving, ‘provenance’ refers to the origin of records and asserts the need to keep together those records that were created together. It is premised on the belief that much of the value and meaning of records comes from the institutional context in which they were created. This value has become the central value of the archiving profession. Records from one agency must not be merged with records from another agency. For example, a simple recent policy initiative in New Zealand has been the walking bus project. It involves the promotion of children walking to school, instead of being driven to school. Several government agencies are involved with each school’s walking bus scheme: the school, the Police and the local council (territorial authority). Councils often help establish the schemes. The Police and local councils share the policy areas of road safety and traffic management. Walking to school is encouraged because it lowers traffic congestion and promotes fitness amongst participating children. Presumably it will, at some stage, be evaluated for health consequences. The principle of provenance stipulates that records on walking buses, including evaluations, from across a range of agencies and schools, should not be brought together to form one comprehensive walking bus file. Instead each individual agency’s records on the walking bus initiative should be filed with the rest of that agency’s records. This is because each school’s adoption of the scheme took place within the context of the school’s decision-making processes. It reflects the school’s culture and its community. The Police department, likewise, did not become involved in the project in isolation of other Police policies and initiatives. Involvement in the scheme reflects on wider Police culture and activities. Keeping records with their agency of origin tells us about the schools and their communities, the Police, and the councils. Separating out a comprehensive walking bus file would aid a user researching the walking bus project, but would inconvenience other potential users, for example, a researcher studying the Police’s community links.

The principle of provenance is the archiving equivalent of librarianship’s Dewey system, in that it is a way of structuring large collections. Unlike library collections, however, individual records are not catalogued as for the most part they have little value as unitary

items. Indeed, archivists do not ‘classify’ records at all; they ‘arrange’ records according to their origin. The way records are arranged determines the way they can be described. The descriptions cover related groups of records, not individual records.

Preserving ‘original order’ is a related value. It involves retaining records in the order in which they were created. This presumes records have a relationship to each other and are not created in a haphazard or random way. With few exceptions, archivists view records as collections, not as unitary items. Preserving the relationship between records and their agency of origin provides evidence about the nature of the creator of the records, and the way in which the records were used. It also acknowledges that records may relate to several different subject areas and valuable context will be lost if they are filed by subject instead of origin and order. Original order recognises that record collections accumulate, or unfold. They are not created artificially after the event. This is one difference between archiving and museum collections: museum curators may seek out items from a range of sources, all relating to a particular theme. Writing in 1922, influential English archivist Hilary Jenkinson admonished the Belgium archives for buying odd bits and pieces to add to its collections:

… for the Archivist, Archive interests should be primary and Historical ones secondary. For with all respect to the eminent authorities of the Belgian Archives, we cannot think that a stray paper from some dispersed family collection, itself picked up in a sale, is a fit inmate for a National Archive Establishment.\footnote{Hilary Jenkinson, \textit{A Manual of Archive Administration Including the Problems of War Archives and Archive Making}, Oxford, Clarendon Press, 1922, p. 44.}

Provenance and original order underpin mainstream archival practice. They are accepted internationally and form part of the framework archivists use to make their professional judgements.

Recent debates in archival theory have focused on ‘appraisal’.\footnote{For example, a number of essays in Barbara L. Craig (ed.), \textit{The Archival Imagination, Essays in Honour of Hugh A. Taylor}, Ottawa, Association of Canadian Archivists, 1992; Luciana Duranti, ‘The concept of Appraisal and Archival Theory’, \textit{American Archivist}, vol. 57 no. 2, Spring 1994, pp. 328-344.} Appraisal is the decision about which records to keep, and which records to destroy. In making such decisions,
archivists must decide how to define ‘records’ and what value to place on them. European and American schools of thought have diverged when it comes to both the definition of records and the issue of their value.

In the nineteenth century European archivists had increasingly been working closely with librarians and historical researchers. In some cases this resulted in records being arranged in ways that met the needs of the immediate user. In the process, records were removed from their institutional context. The 1898 *Manual for the Arrangement and Description of Archives* by Dutch archivists Samuel Muller, Johan Feith and Robert Fruin, and Jenkinson’s 1922 *A Manual of Archives Administration* reconnected archiving with its administrative roots. Muller, Feith and Fruin rejected a heritage role for archives, leaving private and personal collections to the realm of libraries.46

This European school of archiving theory has its foundations in Roman law. The values of Roman law have permeated European thinking, influencing the development of archives in much of Europe and in England. Roman archives were public bodies. Their records fell into two categories, routine documents that were not maintained and documents that embodied important transactions and were retained. Records were viewed as a form of ‘perpetual memory’. Records that were original or verified as authenticated copies were kept in secure and reliable custody, and had status as evidence.47

These concepts influenced nineteenth and twentieth century European archival theorists who viewed archives as being ‘truthful, authentic, natural, interrelated and, in their own particular way, unique.’48 These attributes led to equal value being placed on all archival documents:

> The characteristics of impartiality and authenticity point to the evidentiary qualities of form and procedure and therefore to their primacy for the conveyance

46 Cook, ‘What is Past is Prologue’, p. 5.
47 Elizabeth Shepherd, *Theories of Appraisal: The European School*, University College London, 22 August 1997, retrieved from: [http://www.ucl.ac.uk/~uczw09/appraisal/european.htm](http://www.ucl.ac.uk/~uczw09/appraisal/european.htm)
48 Shepherd, *Theories of Appraisal: The European School*. 77
of truth. The characteristics of naturalness and interrelationship point to the fact that all documents in an archive are equally functional to the existence of the whole and so equally important. And the uniqueness in context makes their meaning unique and their existence necessary to the meaning of the archive to which it belongs.\(^{49}\)

Hilary Jenkinson considered archives to be impartial collections that reflected the business of administration; as such it was up to the administrator who created the records to ‘weed out’ those that were not worth keeping. He advised against archivists and historians being involved in the process:

… difficulties … arise when the Archivist and the Historian are given what amounts to a share in the creation of those Archives which it is their true business only to keep and use respectively … [F]or the Archivist to destroy a document because he thinks it useless is to import into the collection under his charge what we have been throughout most anxious to keep out of it, an element of his personal judgement; for the Historian to destroy because he thinks a document useless may be safer at the moment (since he presumably knows more history than the Archivist), but is even more destructive of the Archives’ reputation for impartiality in the future: but for an administrative body to destroy what is no longer needed is a matter entirely within its competence and an action which future ages (even though they may find reason to deplore it) cannot possibly criticize as illegitimate or as affecting the status of the remaining archives; provided always that the Administration proceeds only upon those grounds upon which it is competent to make a decision – the needs of its own practical business; provided, that is, that it can refrain from thinking of itself as a body producing historical evidences.\(^{50}\)

Jenkinson’s main concern with administrators culling their collections was not whether they would destroy too much, but whether they would destroy enough.\(^{51}\) Jenkinson’s ideal administrator was concerned with leaving a comprehensive set of papers documenting the work of the agency, filed in an orderly way.\(^{52}\)

The European school ‘relied on the assumption that there is a close affinity between continuing administrative relevance and continuing research significance.’\(^{53}\) The role of

\(^{49}\) Shepherd, *Theories of Appraisal: The European School*.

\(^{50}\) Jenkinson, 1922, pp. 128-9.

\(^{51}\) Jenkinson, 1922, p. 130.

\(^{52}\) Jenkinson, 1922, p. 132.

\(^{53}\) Shepherd, *Theories of Appraisal: The European School*. 
the archivist was a curatorial one caring for records but not involved in their creation, nor making decisions about their retention or arrangement. The archivist was a neutral, impartial ‘keeper’ of documents.

The Dutch trio and Jenkinson had studied medieval and early modern records. Their writings on archives reflected the characteristics of the records they had been in contact with: old, limited in number, created by agencies that had enjoyed a stable existence and functions for decades, but were no longer in existence. The authors drew on their experiences of the records of the past. Their perspective meant they were unable to formulate realistic standards for the twentieth century.

The twentieth century threw up a number of challenges for archivists: large and growing bureaucracies meant huge amounts of paper to handle; constant restructuring of government agencies and their functions threatened the continuity of files; and the advent of electronic records created a myriad of problems.

A distinct American school of thought developed in the twentieth century in the light of these problems. Its approach was pragmatic, ignoring existing theory. American archiving theory was heavily influenced by librarianship and historical research. Historians, by the very nature of their work, recognise the value of original documents, and have been involved in the promotion of archives in the United States.54

In the United States growing patriotism and self-identity in the wake of nationhood resulted in an increased interest in preserving historical records. In the six decades following the establishment of the Massachusetts Historical Society in 1791, more than two hundred state, local, and regional historical societies were established. While there were still no official national or state archives, many of these societies assumed responsibility for their region’s records.55

55 Bradsher and Pacifico, p. 27.
In the United States, librarianship became established before modern archiving and its ideas and practices, such as heavy focus on the user, influenced the development of archival practice. In some jurisdictions, libraries have had responsibility for archives.\(^{56}\)

When the United States National Archives was established in 1934, it faced an enormous backlog of records to process: over one million linear metres of records.\(^{57}\) Keeping all records was not practical. Therefore, criteria were required to assess records for retention or destruction. There were several attempts to establish criteria for permanent preservation, including usefulness for researchers.

Writers such as Theodore Schellenberg concentrated on the end use of records, rather than, as the Europeans had done, theorising about the qualities of records. Schellenberg’s 1956 book *Modern Archives* was groundbreaking. It defined archives as records that were being kept for purposes other than the reasons they were created or accumulated. In this sense, the value of an archival record was related to the use to which it was put, not to the qualities of records, per se.

Schellenberg wrote that records have two separate sets of value. The primary value of a record is its usefulness to the originating agency, facilitating business at hand. The secondary value is the value of a record to wider users, once the immediate usefulness to its creators has passed. He also divided secondary values into two types: evidential value and informational value. The Society of American Archivists defines the evidential value of a record as being

> the quality of records that provides information about the origins, functions, and activities of their creator…. Evidential value relates to the process of creation rather than the content (informational value) of records…. The quality of the evidence *per se* is … not the issue here, but the character of the matter evidenced.\(^ {58}\)


\(^{57}\) Cook, ‘What is Past is Prologue’, p. 8.

Evidential value is information about the agency itself, which can be derived from the record; informational value is the information in the record that pertains to policies, and people, rather than the originating agency. Schellenberg illustrated his point with the example of the U. S. Forest Service. He wrote that the records of the Forest Service are about the operation of the Service, not forestry in general. The records therefore reflect the work of the Service. Any reference collections it might have accumulated would presumably include works available elsewhere (say, in other collections about forestry). Such a collection would consist of records kept purely for their informational value. But the records of the Service is a unique collection.\(^{59}\)

Schellenberg acknowledged that while records should be filed in their original order as a general principle, there are some exceptions to this. Original order only applies to records that are kept for their evidential value. If they are being kept for informational value only – say, a series of weather reports – then the best arrangement is one that will enable ease of access for the researcher. In the weather report example, this means organising reports by region and within each regional grouping, organising reports chronologically. The other exception Schellenberg gave is where records have been poorly organised in their agency of origin, or rearranged in some arbitrary way by the agency of origin, after their primary usefulness has passed.\(^{60}\) As has been commented, ‘The principle of respect for original order does not extend to respect for original chaos.’\(^{61}\)

While Schellenberg advocated keeping records that had secondary value, he did not advocate their arrangement in a way that focused on the research user. Schellenberg defended original order on both practical grounds and philosophical grounds:

…the archivist cannot anticipate the research need of scholars but that any subject grouping of the records of an organic unit might facilitate the searches of one group at the expense of inconvenience to others.\(^{62}\)

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60 Schellenberg, 1956, pp. 190-193.
61 Pearce-Moses, p. 192.
In general, if individual documents are arbitrarily torn from their context, namely, from the files of the administrative units that created them, and rearranged under classified or other systems, they lose their integrity as a record of organization and function.\footnote{Schellenberg, 1956, p. 192.}

Schellenberg’s taxonomy of value provided theoretical justification for the destruction of records, and for the growth of records management as a specialised profession. The creation of records management as a separate profession is a major feature of archival development in America. Between 1934 and 1943, the annual growth rate of official records in the United States leapt from 60,000 linear metres to 600,000 linear metres.\footnote{Cook, ‘What is Past is Prologue’, p. 8.}

The profession of records management was developed to help agencies manage this avalanche of paper. A theory which arose out of these developments is the ‘life cycle’ theory of records.

The life-cycle theory fits with values articulated by Schellenberg and others. The life-cycle approach to records divides the life of records into stages: creation, receipt and use by the bureaucracy, and disposal. Creation, receipt and use form the primary use of a record. Disposal is either by destruction or preservation in an archive. Preservation in an archive provides an opportunity for secondary use. Professional roles are clear with the life cycle approach: officials and records managers are the key players in primary usage; archivists are managers of records for their secondary use. Archivists are the professionals who decide the fate of non-current records.

The American school therefore saw a fundamental shift in what archivists do: from preserving records, to selecting records for preservation. Archivists no longer passively accepted what records they were handed, but became actively involved in their selection. The American school, by stressing usefulness, and designing criteria for determining potential use, enabled the destruction of more records than the European school did. In this sense, it was better placed to cope with the massive increase in the amount of paper created by government agencies as the twentieth century progressed. Archivists in this model had a more active role to play than in Jenkinson’s. The American school was also
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credited with providing archives with a dual mandate – to preserve, but also to consider access.

Schellenberg’s ideas were influential beyond the United States. In the 1950s, for example, he visited Australia and New Zealand, dedicating his 1956 text *Modern Archives* to the Australian archivists he met. More recent theorists have developed both Jenkinson’s and Schellenberg’s ideas, leading to different conceptions about the value of records, the role of archivists and the place of archives in society. The Canadian archives have developed a ‘total archives’ approach. This seeks to integrate the evidential function of official archives with, ‘the cultural role of archives as preservers of societal memory and historical identity’ because, ‘the archival task it to preserve recorded evidence of governance, not just of governments governing.’

Australian archivists have made considerable contributions to recent archival theory. In Australia, libraries developed before archives. Libraries took it upon themselves to rescue important personal and historical papers. When archiving emerged as a separate profession, archivists aligned themselves more closely with corporate and government records. In contrast to ‘total archives’, their attention was less on heritage and history. Australian archival writings have focused more on the issues surrounding contemporary records and on the challenges posed by electronic records, than on managing the records of the past.

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65 For the societal model see Elizabeth Shepherd, *Theories of Appraisal: Societal Models*, University College London, 14 August 1997, retrieved from: [http://www.ucl.ac.uk/~uczcw09/appraisal/societal.htm](http://www.ucl.ac.uk/~uczcw09/appraisal/societal.htm); for postmodern approaches to archival concepts see Terry Cook, ‘Archival Science and Postmodernism: New Formulations for Old Concepts’, *Archival Science*, vol. 1, 2001, pp. 3-24; for the functional model see Mark A. Greene, Frank Boles, Bruce Bruemmer, Todd J. Daniels-Howell, ‘The Archivist’s New Clothes: or, the Naked Truth about Evidence, Transactions, and Recordness’, IDeA, IUPUI Digital Archive, Indiana University-Purdue University Indianapolis, 4 February 2004, retrieved from: [http://hdl.handle.net/1805/42](http://hdl.handle.net/1805/42)

66 Cook, ‘What is Past is Prologue’, p. 15.

In contrast to the ‘life cycle’ approach to records, Australian archivists have developed the ‘records continuum’. The records continuum integrates record-keeping and archiving. Records must be managed, for if they are not, there would be nothing to archive. Records are managed from the moment of creation, by records managers and archivists working together. The two jobs, records management and archiving, are seen as belonging to the same profession. In the continuum model records are not classified as current or non-current and they do not suddenly attain ‘archival’ status. Whether a record has been in existence for one second or one thousand years, the value is the same. Records are created for an administrative purpose, and from that moment, are important. As advocated by Jenkinson, records are kept because of their usefulness to administration. Their secondary life is secondary.

A natural extension of the records continuum is to challenge the physical custody of records. ‘Physical custody’ refers to the physical location of a record and who has control over it. (It does not refer to legal ownership as an agency may deposit records with an archive, but retain ownership over those records.) Traditionally, storing records in an official repository was a guarantee of the record’s authenticity. Centralised records storage under the control of an archiving authority also minimises the unauthorised destruction of records. However, some Australian archivists believe that records can be kept and managed, indefinitely, in the agency of origin. This is because records do not suddenly stop being useful to it at a certain age, nor do they suddenly change their status. Removing records from their agency of origin removes records from their context. With electronic records, archives exist in a virtual sense, in cyberspace, and do not need to be housed in physical archival institutions. The role of archivists becomes one of working with records managers to ensure authenticity of the record and the adherence to recordkeeping standards. Indeed, for some theorists, because there is no

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distinction between a record and an archive, the work of records managers and archivists becomes one.  

‘Distributed custody’, having records kept in their agency of origin instead of at an archival institution, is a model that follows on from the idea of a records continuum. It neatly solves one of the problems arising from the advent of electronic records: it becomes the originating agency’s responsibility to solve the problem of updating computer systems in a way that transfers existing records to the new system without loss of quality or authenticity.

Since the 1980s there have been a number of corporate and political corruption scandals in Australia. Various Royal Commissions and other investigative bodies were established to scrutinise these cases. Records have been central to some of these, including the shredding of documents relating to probable legal action against the government in Queensland. In Western Australia, the 1991-1992 Royal Commission into state government’s business dealings included a recommendation for a strong, independent archiving regime.

Unsurprisingly then, one of the contributions Australian theorists have made to the archival canon has been arguments about the ‘accountability’ function of records. Records are defined as documents providing evidence of transactions;

Their effective creation and management are also preconditions of an information-rich society and under-pin the public accountability of government and non-government organisations, freedom of information and privacy legislation, protection of people’s rights and entitlements, and the quality of the archival heritage, made up of archival documents of continuing value.

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70 Greene et al., p.7.
73 Extract from Monash University’s Graduate Department of Librarianship, Archives and Records integrated archives and records program conceptual framework. Reprinted in: Sue McKemmish and
Australian archivists have advocated strong independent archives that have the ability to resist interference from corrupt governments. They have also advocated for increased ties between archivists, records managers and other information and accountability professionals.

Archiving theory in Australia has also been influenced by frequent public sector reorganisations. These reorganisations have included creating, abolishing, modifying and merging agencies, and changing the location of existing policy functions from one agency to another. This recurrent restructuring of policy functions and agencies led Australian archivists to group records on the basis of their policy function, rather than the agency of their origin. Often, the policy has continued, but its location within the public sector has changed. Consequently, Australian archivists have developed systems for keeping track of multiple provenance. They have promoted provenance as the core value of archiving, but in relation to the context of policy area rather than the context of organisational structure.

Like their Australian counterparts, New Zealand archivists have relaxed their definition of provenance to include filing systems based around continuity of function. Pamela Cocks, a National Archives archivist in the 1950s and 1960s, has commented that,

In New Zealand the National Archives, while accepting Jenkinson’s theory, has admitted the possibility of a much more fluid definition of the group [records with a common organisational origin]…. Administration in nineteenth-century New Zealand was often extremely fluid yet out of these fluctuations in many cases there emerged well-knit continuous series of records. The concept of continuity of function came to be accepted and the group was formed from several series of records regardless of the peculiar administrative background.75

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This flexible approach to the arrangement and placement of records can be applied to the walking bus example outlined earlier. If the Police Department was restructured so that responsibility for walking buses was transferred to a new Traffic Department, the Police’s walking bus file would also transfer to the new Department. At this point, the records of the Police’s involvement in the scheme would be removed from the institutional context that prevailed during their creation. But the scale of this breach of provenance is less than the breach of provenance that results from creating a comprehensive inter-agency walking bus file. The Police’s records would continue to be in the context of the agency continuing the policy. The Traffic Department’s file on walking buses would be in an institutional context that reflects the Traffic Department’s wider culture and activities. Tracking multiple provenances assists researchers and administrators to understand the institutional context at each point in time.

Archiving in New Zealand did not develop in a domestic vacuum. As well as reading international books and articles about archiving, New Zealand archivists were often sent overseas to train. Some overseas archivists have been employed in New Zealand archives and in manuscripts collections. Most influential of these include American Thomas Wilsted (1973-1978) who was the founding President of the Archives and Records Association of New Zealand (ARANZ), and more latterly Australians Michael Hoyle (1995-2005) and Chris Hurley (1996-2002), who were both employed in senior management positions at the National Archives. Hurley, a leading theorist of distributed custody and on the accountability function of archives, was twice Acting Chief Archivist while new permanent appointments were pending. Overseas experts have been brought to New Zealand to review aspects of archiving operations and policy: T. R. Schellenberg himself in 1954, Wilfred Smith in 1978, Patricia Acton in 1986 and Gerald Ham in 1994. From Smith onwards, the overseas experts have been used by the archiving community to provide ammunition for their existing arguments with bureaucrats over resourcing and power, rather than to investigate issues from a blue skies perspective. As Alan Smith explains with respect to the Acton review of records management in New Zealand:

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77 For example, Robert Sharman, ‘Dr Smith Goes to Wellington’, *Archivaria*, vol.7, Winter 1978, p. 152.
The theoretical hierarchy of research > policy > action did not underlie [National Archive’s] approach to records management policy formulation. Rather, the sequence was policy > research > action, with [National Archives] seeing the [State Services Commission]-sponsored review as an opportunity to strengthen its case for a stronger mandate and resource allocation with which to implement its record management policies.78

New Zealand archivists have not developed their own theoretical approach to the professional, but have adapted overseas methodologies and ideas to the local environment.79 Instead, archiving debates in New Zealand have been dominated by scarcity: calls for improved accommodation, staffing levels and training, and the need for a higher profile for records management and archives throughout the public sector. These issues are explored further in Chapter 4.

Archiving Values and Machinery of Government Issues
Given the values of archivists, how do they view machinery of government issues?
Guidelines connecting archival theory and machinery of government issues have been published by international organisations such as the International Records Management Trust (IRMT) and the International Council on Archives (ICA). These guidelines make recommendations about the role and status of Chief Archivists and the national archives, the inalienability of public records, the wide scope of public bodies that should be covered by archiving regimes and the need for national archives to oversee public sector records management practices.80

The International Records Management Trust (IRMT) is a charitable organisation based in the United Kingdom. Its purpose is to promote ‘good’ record-keeping in developing countries.81 Funding is provided by organisations such as the United Nations

Development Program, the World Bank, the International Monetary Fund, the Commonwealth Secretariat and various government agencies such as the British High Commissions in Ghana and Kenya. The IRMT runs training courses, hosts seminars and publishes documents. These publications are prescriptive, designed to spread professional norms and values, promoting ‘best practice’. IRMT study courses such as *Managing Public Sector Records: A Training Programme*, assume two key functions for good record-keeping systems. The first of these is the positive assumption that good record-keeping enables the process of government:

Records are vital to virtually every aspect of the governance process. …The effectiveness and efficiency of the public service across the range of government functions depends upon the availability of and access to information held in records.  

This claim is not restricted to any particular form of government, democratic or totalitarian. It is merely an observation of fact: record-keeping regimes enable the functioning of large-scale bureaucracy.

The second major assumption of IRMT training material is more value-laden. This is their oft-repeated statement that good record-keeping is essential if governments and their agencies are to be held to account and the rights of citizens to be exercised:

Relevant and accurate public records must exist if governments are to preserve the rule of law and to demonstrate fair, equal and consistent treatment of citizens.  

…accountability is critical to a responsible government. The foundation for accountability is based on records. … Without records there can be no accountability framework, and without an accountability framework there can be no responsible government.  

Without access to records, the public does not have the evidence needed to hold officials to account or to insist on the prosecution of corruption and fraud. Moreover, the public suffers when inadequate information systems affect the

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84 L. H. Gann, 1956.
85 International Records Management Trust, *The Management of Public Sector Records*, p. 34.
delivery of programmes. All aspects of public service, including health, education, pensions, land and judicial rights, depend upon well-kept and well-managed records.\footnote{International Records Management Trust, \textit{The Management of Public Sector Records}, p. 34.}

This claim presupposes Western liberal values about the correct relationship between governments and citizens. It is a world view in which citizens have rights protected in law. The exercise of property rights depends on reliable land title records and entitlements to pensions rely on accurate birth and citizenship records. The right of rulers to govern is constrained by the rule of law. Accountability mechanisms are used to ensure that rulers and their agencies are not abusing their powers.\footnote{David Held, \textit{Models of Democracy}, second edition, Cambridge, Polity Press, 1996, Chapter 3.}

These values are promoted uncontested. The IRMT writings do not debate these core values, but discuss how to promulgate them. The IRMT makes a link between poor governance generally, and poor record-keeping, and, at the extreme, corruption:

In some more extreme cases, the failure to create and maintain records systems was sometimes motivated by the desire to conceal financial and other irregularities.\footnote{International Records Management Trust, \textit{The Management of Public Sector Records}, p. 39.}

The IRMT does make recommendations on the placement of national archives within the public sector and reporting lines. They consider archives and records as primarily aligned with administration, not culture. The arguments around classifying archives as primarily either ‘heritage’ agencies or ‘administrative’ agencies are discussed further in Chapters 5, 6 and 7 of this thesis. The IRMT argues:

In many countries, the existing national archival institution is regarded primarily as a cultural institution and is responsible to the Minister of culture or equivalent. However, the centrality and significance of public records care to sound administration throughout government, and the security implications of that work, make it imperative that ultimate responsibility should rest with the highest authority.\footnote{International Records Management Trust, \textit{The Management of Public Sector Records}, p. 71.}

Information is the cornerstone of effective government operations and administration, and the placement of the records and archives institution should
Chapter 3: The Professional Ethos of Archivists

reflect this central role. The archival institution should be recognised as the core component of this centrally managed records and archives administration.\textsuperscript{91}

Ideally, the records and archives administration should be made responsible specifically to whomever plays the central governing role within the country, such as the president or prime minister. If this is not possible, the most appropriate minister should be responsible, such as the minister responsible for the civil service in that jurisdiction.\textsuperscript{92}

The International Council on Archives and UNESCO have published a series of ‘RAMP’ studies, Records and Archives Management Programme. This programme includes studies on professional issues, but also guidelines that cover machinery of government issues. \textit{Archival and Records Management Legislation and Regulations: A RAMP Study with Guidelines}, by Dutch archivist Eric Ketelaar, recommends that national public archival institutions are independent bodies within the public sector:

Placement within the government that prevents the submission of the agency beneath competing interests; eliminates blurring of functions with other professional agencies and disciplines; protects against interference with agency program responsibilities under the color of coordination authority; and eliminates hampering supervision and control by having little or no professional knowledge of its program responsibilities and operations.\textsuperscript{93}

Ketelaar discusses the preference for archives to be placed under a minister with some influence or authority over colleagues, to better aid the penetration of the Archives into the records management of the agencies they oversee.\textsuperscript{94}

In 1996 the International Council on Archives released a seven page document called \textit{Principles for Archives and Current Records Legislation}. It opens with the statement that,

Legislation is an expression of the principles held most firmly by a state. …Archives and related records legislation facilitate administrative transactions and provide a foundation for the most fundamental rights of citizens and their state.\textsuperscript{95}

\textsuperscript{91} International Records Management Trust, \textit{The Management of Public Sector Records}, p.78.
\textsuperscript{92} International Records Management Trust, \textit{The Management of Public Sector Records}, p. 72.
\textsuperscript{93} Ketelaar, p. 107.
\textsuperscript{94} Ketelaar, p. 108.
\textsuperscript{95} McDonald, p. 1.
The document discusses principles such as the definition of archives and records and inalienability of state records. In terms of governance, like the Ketelaar recommendations, it states that the senior professional archivist should work directly under a government Minister. Placement of the Archives should be in the ‘mainstream of departments and agencies’. It counsels against the archives being considered a purely cultural institution and states that the archives need to be involved in the ‘ongoing programs and decision making of government.’ The ICA guidelines also state that legislation should direct the archives to develop standards and regulations around the care of current records held by government agencies.

Thus, the role of archives according to IRMT and ICA documents is an active one: the national public archives should be involved in the process of creation and maintenance of records before they come into the custody of the archives. The appropriate institutional design and placement of the archives – an independent unit in the mainstream of government, a primary identification with administration and not culture, a direct relationship with a senior government minister – is required to ensure the archives has the requisite status to carry out its work. Legislation is required to facilitate this.

In New Zealand, radical restructuring of public sector agencies was a feature of public sector reform in the period 1984-1999. These reforms impacted on records-creation and keeping across the public sector, as well as impacting more directly on the central archiving authority, the National Archives. Public sector management reforms typical of NPM raise a number of issues for public sector records, including: the fate of public sector records when agencies are privatised; the record-making and record-keeping requirements placed on private sector businesses undertaking public sector contracts; the impact of budget cuts on record-making and record-keeping cultures within agencies; the

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96 McDonald, p. 3 para.6  
97 McDonald, p. 3 para.8.  
98 McDonald, p. 5 para.10.  
99 While legislation is essential for establishing a viable archives service, it does not guarantee it. A comparative survey found that provisions in legislation for services are not always enacted, sometimes due to inadequate finance or storage, or a lack of qualified staff. Carol Couture and Marcel Lajeunesse, ‘Impact of Archival Legislation on National Archives Policies: A Comparative Study’, Archives, vol. 21 no. 91, April 1994, pp. 14-15.
attitude of managers with private sector backgrounds towards keeping public sector records beyond their usefulness to the originating agency; the impact of restructuring on the coherence of records groups; and the ability of a central archives authority to promulgate its values and standards in a decentralised public service. While public sector management literature has not discussed these issues, archiving literature from the United Kingdom does contain some discussion of the impact of their NPM reform process on the work of archives there. Many of the concerns raised about the impact of NPM reforms are not unique to the policy area of archives.

In 1992 the United Kingdom’s Public Record Office (PRO) became a ‘Next Steps’ agency, following a critical ‘scrutiny’ report by the Prime Minister’s Efficiency Unit. This agency status gave the PRO wider freedoms on professional matters such as the disposal of records. Like other Next Steps agencies, the PRO was also given greater freedom in the spending of its (reduced) budget and the hiring of staff. While PRO archivists welcomed this greater flexibility, there was some concern that the reforms would see the PRO engaged in ‘too much planning and monitoring and too little doing’. An evaluation of early Next Steps initiatives reported tension in the reforms between increased accountability and the desire for greater managerial flexibility; increased accountability was more evident than increased flexibility for the new agencies. There was some concern from archivists about commercial values creeping into archival institutions, particularly pressure to earn revenue. While some money could be earned from charges on services such as photocopying and the sale of items in a shop, it was claimed that archives could not recoup their overhead expenses from user-charges. It was predicted that the demand for archival services by researchers would drop if full costs were charged and that depositors would be dissuaded from gifting collections if they were charged a fee for the processing of their collections. There were warnings

101 Cantwell, p. 45.
104 Whitick, pp. 3-4.
that while user-charging increases revenue, it also takes considerable time to administer.\textsuperscript{105} Archivists increasingly had to develop skills in marketing, budgeting and fund-raising to cope with funding squeezes.\textsuperscript{106} The rise in performance measures also gave cause for concern because of the difficulty in designing indicators that reflected the outcomes of archival activity. It is easy to design information sets that convey operational efficiency by comparing (say) opening hours to staff costs, but much harder to design performance indicators that are not related to cash considerations.\textsuperscript{107} Demonstrating the utility of archives is problematic because many holdings in archives are never or only rarely consulted and the statistics about use will not convey the reasons for that use:

…what are the implications of knowing that particular archives have been frequently consulted and found to be of use for a specific purpose. In the eyes of many, this will provide a measurement of the worth of a record class. So far so good. But what about the reverse of the coin? Certain documents are never consulted, never cited. Are they therefore worthless? …Probably some are. Records closed under 30 or 100 year rules are, however, easy to explain and, where they constitute the most recent years of otherwise frequently consulted classes, it will be simple to predict their use in future years. Others may be more difficult. Are they not consulted because they are not catalogued, because the catalogues are obscure, because we did not tell anybody about them, or because they reflect a trend in historical research that has had its day or whose day is arguably yet to come?\textsuperscript{108}

The issues raised by United Kingdom archivists were all issues for New Zealand archivists. While archives in other countries were subjected to aspects of NPM reform, such as efficiency drives in the United Kingdom or contracting out of certain services in the Netherlands,\textsuperscript{109} reform proposals facing archives in New Zealand were more comprehensive and radical. Archives were subjected to ‘administrative cloning’ – the organisational changes considered successful for other agencies were assumed to be

\textsuperscript{105} Whittick, p. 7.
\textsuperscript{108} Methven, p. 84.
appropriate for the Archives. As NPM in New Zealand evolved from disaggregation back to centralisation and ‘joined up government’, the reform proposals the archives faced evolved too. The reforms were driven by NPM’s framing of problems and solutions, not that of archivists.

In publications such as Archifacts and The New Zealand Archivist, New Zealand archivists and their supporters advocated a central role for the National Archives, consistent with ICA and IRMT best-practice guidelines. Archifacts articles and editorials criticised government initiatives for reform and advocated a machinery of government arrangement that echoed Ketelaar’s call for archives to be independent.\(^{110}\) In the 1990s, public choice theory would frame these advocacies as self-interest.\(^{111}\)


\(^{111}\) McDermott Miller Report, s. 4.10.3 and 4.10.4.
Conclusion

This chapter has very briefly sketched some key values of archivists, enabling contrast with the values of public management reformers as outlined in Chapter 2. Archiving values, as they have developed in democratic societies, and the values of public management reformers in New Zealand, clash on a fundamental level. The role of archives correspond more to Hood and Jackson’s theta-type values (honesty, fairness, preventing the abuse of office) than the sigma-type values (closely tying resources to goals, eliminating waste and slack) that correspond with NPM doctrines. Implicit in NPM is an assumption that records are made and kept for short-term accountability such as performance measurement and other audit purposes (managerial accountability and purchase accountability). But NPM literature does not address the archival value of records in a democratic society, that is, the retention of records past their usefulness to the originating agency, because the records may one day be of public interest. Consequently, the concerns of archivists fit more with administration, the constitutional foundations of government and the rule of law, rather than with modern management’s quest for dynamism and efficiency.

This thesis argues that archival values are more analogous with public administration than public management. Chapter 4 explores how archives policy fared in New Zealand under public administration as well as under generic public management reforms similar to those of archives in the United Kingdom. Chapter 4 provides the local historical context for the ensuing case study, in which the National Archives became the subject of agency-specific reform proposals.
Chapter 4: Action Deferred, Not Taken

From 1876 to the turn of the century, the outlook for preservation, whether of native forests or birds, Polynesian peoples, historic houses or public records, was dim. In his nostalgia for what he regarded as “Home” (i.e. England), the British settler was prepared to deny that his new land had any real history and could acquiesce in a general apathy about it.¹

A belief by archivists in the administrative role of an official archive and the centrality of records to democratic accountability is reflected in the international standards promulgated by organisations such as the International Council on Archives and the International Records Management Trust. These standards cover the status of chief archivists, the design and placement of the national archives within the public sector and the desirability of the chief archivist having direct access to a well-positioned government Minister. This chapter focuses on the history of records and archiving in New Zealand from 1840 until 1994, with particular reference to machinery of government issues, legislation and resourcing. It provides evidence for one argument of this thesis: that archival values have not been widely understood or accepted in New Zealand, and consequently archiving as a policy area has been neglected and under-resourced. The battles archiving professionals and stakeholders fought between 1994 and 1999 were a continuation of ongoing struggles for resources, new legislation and higher status for the Chief Archivist. This chapter documents the background to the problem definitions and solutions by archiving stakeholders. While this thesis is critical of the treatment of the archives policy area under new public management, archiving in New Zealand did not fare well, either, under public administration.

Chapter 4: Action Deferred, Not Taken

**Action Deferred, Not taken**

Records provide for organisational and political accountability in democracies. From that perspective, it can be argued that they are an important feature of the constitutional infrastructure. New Zealand’s archiving regime, however, has had a low political and public profile. As a policy area, archiving has not been well-resourced. This lack of regard and resources contributed to gaps in New Zealand’s documentary heritage. The need for better resourcing was pointed out many times, but it took one hundred and sixty years for such calls to be heeded.

The British Public Records Act was passed in 1838. Perhaps because of the proximity of the passage of the British legislation to the founding of New Zealand, records were part of the consciousness of some early settlers, planners and administrators. The New Zealand Company’s 1839 model of the settlement of Port Nicholson (Wellington) included a range of public buildings, among them a Public Records Office.\(^2\) In his correspondence with Governor Hobson, Lord Palmerston of the British Foreign Office assumed a ‘Public Records of the Colony’\(^3\) and instructed Hobson to care for the colony’s records.\(^4\) No special provision was made.\(^5\) Historian Ian Wards speculated that the setting up of a new colony was a process fraught with uncertainty, hence the importance Lord Palmerston placed on thorough record-keeping of instructions received and actions taken. While records continued to be made, the conservation ethos (such as it was) ended with Lord Palmerston.\(^6\) In Wards’ assessment, the 1800s was a century of ‘archival irresponsibility.’\(^7\) During the period of provincial government, 1854-1875, there was no central control of government records. Provincial governments, Wards speculated, were too busy coping with change and establishing themselves. They did make records and store them in local Land Offices, but there was little particular care for, or policy about, them.\(^8\) David Colquhoun explains that governments simply had other, more pressing

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\(^2\) ‘A Chronology of Archives Keeping in New Zealand to 1990’, *New Zealand Archivist*, vol. 3 no. 1, Autumn 1992, p. 5.
\(^3\) Pamela S. Cocks, ‘The Development of the National Archives of New Zealand’, *Journal of the Society of Archivists*, vol. 3, April 1966, p. 121.
\(^4\) Ian Wards, ‘New Zealand Archives and Records in Retrospect’, *Archifacts*, October 1996, p. 32.
\(^5\) ‘A Chronology of Archives Keeping in New Zealand to 1990’, p. 5.
\(^6\) Wards, p. 32.
\(^7\) Wards, p. 33.
\(^8\) Wards, pp. 32-33.
priorities: ‘Archives-keeping had never been a priority in a new raw settler society with little Government infrastructure other than what was needed to promote economic development.’

As time went on, a succession of historians, politicians and civil servants raised the need for a well-designed and resourced archive for the young nation’s records. In 1872 a Commission was established, ‘to enquire into the mode of keeping and providing for the safe custody and protection of the records of the Colony’, but, ‘No action resulted’. In 1884, Member of Parliament John Holmes

…asked whether the Government intended to introduce a bill to provide that ‘it shall be a crime punishable by fine and imprisonment for any ministers or officers or servants of the Crown, or any other person, to destroy, remove, or to aid and abet in destroying or removing’ (any public records) ‘without being lawfully authorised to do so’. He was politely told by the Prime Minister, Sir Julius Vogel, that a Bill framed with the severity indicated in the question put, would be a Bill to abolish wastepaper baskets.

New Zealand’s early history is a saga of priorities other than archives. A former Chief Archivist, Ray Grover, reports that

…in 1890 the Government Engineer under the heading ‘Important Buildings Under Consideration’ recognized the need for archives building when he stated, ‘The possible loss to the colony should any disaster by fire occur in the Government Buildings has long been recognised, and the accumulation of State papers, documents and registers now severely taxes the accommodation of the safes, and crowds out many records, plans and papers which should not be exposed to risk….’ He also listed the need for a Parliamentary Library and alterations to Parliament Buildings, a central lunatic asylum, a museum, and a goal. All were built except for the archives.

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11 Cocks, p. 121.
Chapter 4: Action Deferred, Not Taken

The 1906 plan by the Director of the Dominion Museum, Augustus Hamilton, for a national archives modelled on the British Public Records Office, and housed in a concrete building

…brought no immediate action. Cabinet reconsidered the matter in 1908 but again it was allowed to lapse. The care of public records was not of high enough priority to warrant any extra expense, despite the need for better care becoming very evident with the loss of many Native Department records in the fire that destroyed the Parliament building in December 1907.13

New Zealand gained Dominion status in 1907, giving it more autonomy from Britain. The work of the Colonial Office was taken over by the new Department of Internal Affairs. In 1909 the Department gave Augustus Hamilton authority to ‘receive official records and documents,’14 but he soon found, ‘sound planning meant little if those who create and use the records see the archives authority as an imposition rather than an advantage.’15 Hamilton’s role as Dominion Archivist soon faded, due to lack of backing by the Department of Internal Affairs, the absence of statutory authority and refusal by government departments to co-operate.

New Zealand was not a complete cultural backwater in its early years: the 1800s saw the establishment of museums in the four main centres and the General Assembly Library in Wellington. The New Zealand Institute (later the Royal Society) was formed in 1867. It promoted study of the arts and sciences. The decades on either side of 1900 saw the rise of scholars and collectors who were interested in New Zealand history. But their backgrounds were libraries and museums, not archives, and their advice to government reflected this. Driven by their research needs, historian Ian Wards claimed that,

…their emphasis tended to be upon libraries and library buildings that would house their collections and make them available. Purely government records and their custody, requiring political will to provide the necessary funds, lagged behind.16

13 Colquhoun, p. 2.
14 Under-Secretary to Hamilton 3 July 1909, quoted in Colquhoun, p. 2.
15 Colquhoun, p. 2.
16 Wards, pp. 33-34, whole para. and quote.
The Hunt Commission, established in 1912 to review the state of the New Zealand public service, ‘deplored the lack of adequate and safe accommodation for government archives and urged that the provision be made for them.’ As with other similar calls, ‘No action resulted.’

Chief Librarian Dr. Guy. H. Scholefield became New Zealand’s first official archivist in 1926. He undertook his archiving duties for no extra pay. Scholefield had the backing of Cabinet, but like Augustus Hamilton before him he had ‘very limited authority, few resources and unsuitable premises.’ Scholefield’s extra title of Controller of Dominion Archives has been described as an ‘administrative solution to a question about the justification for a higher salary level, and a historical accident.’ Scholefield faced myriad of problems, all of which continued as familiar refrains in New Zealand’s archiving circles: a shortage of suitable accommodation, under-staffing and the inability of the Controller of the Dominion Archives to exercise his authority throughout the public sector. Records of the Dominion Archives were housed in the cramped attic and basement of the General Assembly Library; it was more than a decade before Scholefield managed to secure a staff member for the Dominion Archives; and while records could not be destroyed without the approval of the Controller – an important principle in modern archives management – this power was ‘imperfectly observed.’ Because of Scholefield’s dual role and the under-resourcing of the Archives, it was viewed as ‘a poor relation of the library.’ However, Ian Wards commented that ‘The 22 years of the Scholefield period may not be looked upon as an archival hiatus, rather as a very slow beginning,’ as some advances were made. Once Eric McCormick joined the Dominion Archives in 1936, professional archiving procedures, separate from librarianship, were implemented. McCormick signed agreements with a number of government departments whereby they agreed to continuously transfer their routine records to the Archives. At the end of World War II, McCormick was faced with the enormous task of housing a

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18 Colquhoun, p. 2.
20 Wards, p. 34.
21 Wards, p. 34.
22 Wards, p. 34.
23 Cocks, p. 121.
large collection of war records. He commented that ‘the large increase in the bulk of official records resulting from the war has accentuated record and archival problems, but the war has also provided the means for their solution; a staff has been given some training in archival methods and techniques.” McCormick produced ‘a comprehensive plan for establishing a national archives system’, but political support for the plan was not forthcoming.

The centennial project of 1940 and the War History project were huge endeavours and helped increase both political and public awareness of New Zealand’s history. The centennial exhibition in Wellington had over 2.6 million visitors during its seven month run. As many as 14,000 attended a centennial celebration at Waitangi; a number of publications were commissioned including a two-volume dictionary of biography and an historical atlas; literary competitions and music festivals were held; and centennial memorials erected. The work of the Centennial Branch of the Department of Internal Affairs led to the development of a permanent Historical Branch in the Department. Historian Michael Bassett reports that the War Histories Branch (which later became the Historical Publications Branch) produced 41 books and 24 booklets, and at ‘the height of its activity in 1947, the War History Branch had a staff of 40 and was one of the biggest sections of the department.’ Political support was required for both the centennial and war histories projects, which were many years in the planning and execution, and which involved considerable expense and budget blowouts. Support for their activities was enthusiastically provided by Prime Ministers Savage and Fraser, the Minister of Internal Affairs, Bill Parry, and the widely respected head of Internal Affairs, Sir Joseph Heenan. Heenan is attributed with much of the planning of these operations.

This concentration of activity on things historical, involving some of New Zealand’s most pre-eminent scholars, highlighted for those working on histories how inadequate source

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24 Eric McCormick (Chief War Archivist), *Sketch Plan for the Development of the National Archives*, Report to the Secretary of Internal Affairs, 23 August 1946, p. 1 of the report summary.
25 Wards, p. 35
27 Bassett, p. 135.
28 Bassett, Chapter 6.
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Materials were. McCormick’s 1946 report on the state of New Zealand’s archives blames this lack of source material for an absence of authoritativeness of some of the centennial publications.  

In 1948 the Dominion Archives moved from under the umbrella of the General Assembly Library, where it had been during Scholefield’s tenure, to the Department of Internal Affairs and the supervision of the historian J. C. Beaglehole. Staffing increased from one to three, and new, although still unsuitable, accommodation was acquired. Government records were stored in various government buildings all around Wellington.

One of these was the Hope Gibbons building, destroyed by fire in 1952. With its razing, the records of four government departments, including Lands and Survey, were lost. Beaglehole wrote a paper in 1952, not long after the Hope Gibbons fire, entitled Why Archives? In it, he described the political attitude towards an archives policy with proper resourcing as opting for Action Deferred rather than Taken. He described the records culture in the public service as such that ‘… every time a fire occurs eminent public servants congratulate one another and say, Thank God, that lot’s gone’. Regarding the 1952 Hope Gibbons fire, ‘the initial newspaper coverage referred in passing to the loss of records, and that this might cause “slight inconvenience” but they were mainly “dead files.”‘ The fire is credited with providing the impetus for the 1957 Archives Act, and as such was described as ‘a great loss to historians but a good catalyst for action.’

There had been fires before, including ten major fires between 1840 and 1907 that destroyed valuable records. Other records were lost due to poor storage conditions. Records were also lost when a ship, that was transporting current government records between Auckland and Wellington, sank. In addition, years of records across a range of

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32 Beaglehole, p. 10.
34 Pascoe, p. 9. Pascoe was, at the time of writing, Chief Archivist of New Zealand.
35 Pascoe, p. 9.
departments simply disappeared. Officials lost track of the Treaty of Waitangi for some decades. It was found, accidentally, in 1908, in a damp storeroom at Parliament House, water-damaged and eaten by rats. Clearly, there are huge gaps in New Zealand’s official record, mainly due to a lack of investment in adequate staff and suitable premises, but also a lack of awareness in the public service about the need to better care for records.

Before the Second World War there had been a succession of calls for a properly-resourced Archives or Public Records Office, and there were a number of tragic losses of records. But these were dispersed over a one hundred year period. Momentum for change picked up during the 1940s and 1950s, when a range of events and people came together in a more concentrated time span. Political and public attitudes towards New Zealand history and national identity changed; once expenditure was committed to the centennial project and the War Histories, fiscal commitments and personnel were in place, making continued expenditure on on-going historical projects easier; and a growing group of individuals became interested in, and lobbied for, changes to public sector records policies.

Support for archiving issues gathered momentum in the early 1950s. There were a number of newspapers articles on the topic and the need for better archiving was raised at a history conference in 1950. A committee of university professors urged the government to provide extra resources for the Dominion Archives and to pass archives legislation, but the committee ‘put off a deputation to the Prime Minister, convinced of inevitable failure.’ Archivist Michael Standish wrote a policy on regional archives, but lack of resources meant little was accomplished. In 1952 he visited France, Britain and Australia to study archival methods, largely at his own expense. The New Zealand Library Association formed an Archives Committee in 1951, which carried out a survey of local government records. It called for the visit to New Zealand of an overseas archivist to assess the New Zealand situation and make recommendations about its development. In 1954, Theodore Roosevelt Schellenberg, Director of Archival

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36 Pamela Cocks, ‘Holdings of the National Archives of New Zealand’, *Archives and Manuscripts*, vol. 3, November 1965, pp. 11-12.
Management at the United States National Archives, briefly visited New Zealand. Overseas contact continued as Pamela Cocks, one of the Dominion Archivists, studied archives administration in the United States on a Fulbright scholarship.\textsuperscript{38}

Standish drafted an archives bill and submitted it to Internal Affairs in 1955. It was based on South African legislation. New Zealand’s first Archives Act was passed in 1957 and remained largely intact until 2005.

The 1957 Archives Act laid down formal institutions and enunciated important archiving principles. It established the position of Chief Archivist and provided him or her, solely, with the statutory power of deciding which official records were to be kept and which ones could be destroyed. It also established an institution called the National Archives, which replaced the Dominion Archives. The legislation gave the Chief Archivist control of those records already in National Archives’ custody and provided for the routine transfer of records from Departments to National Archives after a twenty-five year period. During those twenty-five years the Chief Archivist could inspect records in Departments and advise on their safe storage. While this advice need not be heeded, the Act provided penalties for both wilful and negligent damage to records. The Act enshrined the right of open access to the archives, unless there was a reason, such as national security, for withholding access.\textsuperscript{39} The Act defined ‘records’ broadly, to cover all media:

> ‘Public records’ means all papers, documents, or records of any kind whatsoever officially made or received by any Government office in the conduct of its affairs or by any employee of the Crown in the course of his official duties; and, without limiting the generality of the foregoing provisions of this definition, includes registers, books, maps, plans, drawings, photographs, cinematograph films, and sound recordings so made or received; and also includes copies of public records.\textsuperscript{40}

\textsuperscript{38} ‘A Chronology of Archives Keeping in New Zealand to 1990’, p. 7.


\textsuperscript{40} \textit{Archives Act 1957}, s. 2.
This broad definition of records served the archiving regime well, automatically covering new media, for example electronic records.

The Act gave considerable power to the Chief Archivist. In effect, not a single piece of paper created in the public sector could be destroyed without her permission. Yet the Act specifically placed the Chief Archivist below the Secretary of the Department of Internal Affairs, in that,

Subject to the control of the Minister, the Secretary for Internal Affairs shall be charged with the general administration of this Act.41

Ian Wards reports that the subordination of National Archives and the Chief Archivist to Internal Affairs was a compromise made by Standish, necessary to ensure the Bill was passed.42 This relationship of subordination became an important issue during the 1990s proposed restructurings of the Archives.

New Zealand’s Archives Act of 1957 enshrined the right of open access to public documents, unless there was a reason – such as national security – for withholding access. Written at the time of the Cold War, this principle was very far-sighted. It preceded the Official Information Act (1982) by 25 years and received international comment.43 The Archives Act came into being during the Official Secrets Act (1951) regime and is in contrast to it. The Official Secrets Act did not discuss principles of availability, rather it focused on offences in relation to official information. These included the duty to provide information if suspected of an offence (s.11). The Official Secrets Act, ‘assumes that official information is the property of government, and should not be disclosed without specific reason and authorisation.’44 Nowhere does it discuss the rights of citizens to access official information. Between 1957 and 1982 the Archives Act was the statute that provided these rights.

41 Archives Act 1957, s. 4.
42 Wards, p. 42.
The Official Information Act (1982) repealed the Official Secrets Act (1951). Like the Archives Act, the Official Information Act (1982) states the principle that ‘information shall be made available unless there is good reason for withholding it.’ This Act gives the reasons for making information available: to enhance participation in the decision-making process, to aid the accountability of Ministers of the Crown and officials, and to allow the public to check what the official record says about them. The Official Information Act (OIA) applies to current information held by public agencies, whereas the access provisions in the Archives Act applied only to records in the care of the national archive, not to current records still held by departments. The Archives Act addressed the physical treatment of records, such as their storage and destruction, before they come into the Archives’ care. The Official Information Act is concerned with the information records contain, rather than the physical records themselves. The OIA covers State Owned Enterprises whereas the Archives Act did not. One of the aims of various reviews of the 1957 Archives Act was to bring about greater harmony between the official information and archiving regimes. Where access provisions conflicted, provisions of the Archives Act took precedence over the Official Information Act. For example, the Archives Act permitted depositors of records to place an embargo on access to them for a set period of time. This restriction could not be appealed using the Official Information Act.

Scholefield had retired in 1948. Standish had effectively taken over his position, running the Archives, but he was not accorded any status or title. Although New Zealand passed the Archives Act in 1957, for some years the political and bureaucratic will was lacking to fill the Chief Archivist position. It was 1962 before Standish was finally made Chief Archivist, the first such appointment under the Act. Standish died not long after this appointment. The National Archives was then run by two low-profile Chief Archivists: John Pascoe, a career civil servant with no background or particular interest in archives (1963-1972) and, following Pascoe’s death in 1972, by Judith Hornabrook (1973-1982). At the time of Pascoe’s death, Hornabrook was National Archives’ senior archivist and

45 Official Information Act 1982, s. 5.
46 Official Information Act 1982, s. 4.
was widely respected for her professional expertise. She was not, however, a leader or a champion of the Archives within the wider bureaucracy. Hornabrook promoted the Archives quietly, through such annual publications as *National Archives: A Summary of Work*, which pointed out how much the Archives was achieving with so few resources.\(^{47}\) One user of the National Archives, Professor of History at the University of Auckland, P. S. O’Connor, described senior management at the National Archives as ‘frightened and pusillanimous’.\(^{48}\) He claimed that the Archives Act gave the Chief Archivist power and if these powers, ‘had not been exercised fully [it] was due to the personal weakness of more than one Chief Archivist,’ a reference to Pascoe and Hornabrook.\(^{49}\)

New Zealand’s Department of Internal Affairs is a conglomerate department, similar to, but narrower in scope than, the United Kingdom’s Home Office. It started life as the Colonial Secretary’s Office. Initially, it was a very powerful department and was ‘administered by the Premier of the day or his deputy.’\(^{50}\) Many administrative units that started their life in Internal Affairs have, once they developed a critical mass, become independent departments in their own right. These include public works, justice, health, and social welfare.\(^{51}\) Historian Michael Bassett reports that this regular shedding of its strongest components has weakened the department:

\[\ldots the \text{residue had often seemed to be no more than [an] assemblage of waifs and strays. This in turn has reduced the department’s standing. As the first departmental report noted in 1916, the department’s miscellany of functions meant that its public profile was often low.}\(^{52}\]

New Zealand’s national archives were part of the Department of Internal Affairs from 1948 to 2000. Initially, housing a small organisation within a larger one made sense; in 1948, with a staff of one, there was an obvious need for administrative support from another part of the bureaucracy. It could also be argued that a sympathetic host could

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\(^{47}\) National Archives of New Zealand, *Summary of Work*, Wellington, Department of Internal Affairs. Published from 1966 to 1977.

\(^{48}\) Professor P. S. O’Connor, addressing the ‘Perspectives on the Smith Report’ seminar organised by ARANZ, printed in *Archifacts*, September-December 1978, NS 7 and 8, p. 35.

\(^{49}\) O’Connor, p. 36.

\(^{50}\) Bassett, p. 261.

\(^{51}\) Bassett, p. 9.

\(^{52}\) Bassett, p. 10.
Chapter 4: Action Deferred, Not Taken

represent the interests, and generally make visible, such a small component of the machinery of government. Once the 1957 legislation established statutory powers for the Chief Archivist, and as the Archives continued to grow in size, such advantages, in the view of many, came to be outweighed by disadvantages.

In more recent decades, the Internal Affairs portfolio has been given to mid- or lowly-ranked Cabinet ministers. Since 1957, the only Ministers of Internal Affairs to rank in the top half of Cabinet have been David Seath (1969-1972) and Michael Bassett (1987-1990). In his history of the Department of Internal Affairs, Michael Bassett claimed the Department benefited from the high energy levels of Henry May (1972-1975), but it went into decline under Allan Hight (1972, 1975-1984):

…Allan Hight did not take a high profile in the House. In fact, he seldom spoke. Over the next eight and a half years his health caused trouble, and he had several lengthy periods away from the office.

From 1990 to 1993, and again in 1998 and 1999, the Minister of Internal Affairs was not even in Cabinet. A lowly-ranked Cabinet Minister with a portfolio covering several policy areas is not likely to make a stand and push hard for a policy area with such a low public and political profile as the National Archives. And if the minister does not have contact with the Chief Archivist – only the Secretary of Internal Affairs – he will only know of the issues facing the Archives if the Secretary decides they are a priority. While ‘… a sympathetic and interested minister at the Cabinet table can be a good advocate for resources,’ there are no guarantees of such sympathy or for preparedness to lobby on the Archives’ behalf. Hight was ‘a keen supporter of the arts’ and fought for more

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53 For example, Peter Tapsell, 1984-1987 ranked 19 out of 20; Margaret Austin, new to Cabinet for nine months prior to the 1990 election; Graeme Lee, 1990-1993, Minister outside Cabinet; Warren Cooper 1993-March 1996, ranked 16 out of 20; Peter Dunne, new to Cabinet, Minister for eight months prior to 1996 election; Jack Elder, Minister of Internal Affairs outside Cabinet from 1998 to November 1999. Information from: G. A. Wood (ed.), Ministers and Members in the New Zealand Parliament, Dunedin, Otago University Press, 1996; and Michael Bassett, op. cit.

54 Bassett, pp. 203, 209, 211, 215, 216. Bassett, a former Minister of Internal Affairs in the fourth Labour government, was writing in his capacity as a professional historian.

55 Bassett, p. 216.

resources for arts and culture, in particular the Queen Elizabeth II Arts Council. But he did not put such energy into archives. Ministers have their own interests and priorities. Their interests and priorities change, and ministers come and go.

Likewise, there is no guarantee that the priorities of National Archives are the priorities of the Department of Internal Affairs. Grouping archives with such disparate policy areas as wildlife, the fire service, passports, gambling and building legislation was not an environment with much understanding or support for archiving concerns.

Whether the Archives’ priorities are at the top or bottom of Internal Affairs’ agenda depended on whether the head of Internal Affairs was sympathetic to archives, whether the Chief Archivist generally found favour with Internal Affairs and whether she was skilled at lobbying. It also depended on how pressing Internal Affairs’ other concerns were. In 1991, for example, Internal Affairs provided the new government with its priorities for that year’s legislative programme. Internal Affairs had six bills it wished progressed; new archives legislation was at the bottom of this wish-list. Priority was given, instead, to new passports legislation and gaming legislation. Because of a tight timetable, all six Internal Affairs bills were deferred until 1992. However, Internal Affairs challenged the omission of four of the six bills, but this did not include the new Archives Bill. The other bills did eventually make it onto the 1991 legislative programme, although with low priorities.

The treatment the National Archives received in Internal Affairs varied over the years. Around the time of the Archives’ establishment, Internal Affairs highlighted archiving

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57 Bassett, pp. 203, 220-221.
58 Perry Cameron to Minister of Internal Affairs, ‘1991 Legislative Programme: Allocation of Priorities to Bills’.
59 1991 Legislative Programme (as at 15 May 1991), CO (91) 16. The gaming and lotteries amendment was the lowest priority of all bills classified ‘in reserve for passage before 30 June 1991’; new building legislation was the lowest priority for bills which must be passed before 31 December 1991; legislation establishing the Museum of New Zealand was the lowest priority of those bills held in reserve for passage before 31 December 1991; citizenship and passport amendments were ranked 34 and 35 respectively, out of 39 bills, to be introduced before 31 December.
and records management issues in its annual reports. Through the 1960s, Internal Affairs continued to comment on the lack of suitable accommodation and stresses on staffing levels:

The acquisition of these buildings has in no way lessened the pressing need for a properly designed, permanent building to house the National Archives for themselves. The premises already acquired are essentially centres for sorting and storing dormant records to which Departments may need to refer for some years to come, and are neither designed nor suitable for the permanent custody of valuable national records as archives. Until a permanent building is provided, the National Archives, and the scholars, research workers, and others who use them, will continue to work under ever-increasing handicaps.

In the early 1970s the Internal Affairs annual reports continue to state, in strong language, the resourcing issues facing National Archives:

Disposal work has been affected not only by staffing problems but also by the lack of space available. The need to move some 1000 linear feet of archives from a cellar under Parliament Buildings to the Lower Hutt Records Centre has made the situation worse. There has had to be a firm application of a policy of non-acceptance of records which do not qualify for archives or records centre space. One consequence is that departments have been obliged to make other arrangements for storage, and unfortunately tend to include in these arrangements records which do not meet archives requirements. If continued over a period this could result in fragmentation and generally less efficient and economical storage.

By the late 1970s and in the early 1980s, however, National Archives was given less space in the Internal Affairs annual reports. The space that was devoted to the Archives listed uncontroversial and routine information such as significant new accessions and appraisal work undertaken. Ministers’ attention was not drawn to the accommodation crisis the Archives continued to face, nor the growing backlogs of records to be processed.

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60 Department of Internal Affairs Report of the Department of Internal Affairs for the Year Ended 31 March 1956, and also for years ended 31 March 1957, 1958 and 1959.
The resourcing issues facing National Archives were evidenced on multiple fronts. There is a continual need for new storage as the quantity of records in the Archives expands annually, with no old records falling off the end. Extra accommodation is required at regular intervals, because the annual intake adds to a never-decreasing holding. For many years records were scattered throughout Wellington, inconveniencing staff and users. Old army barracks in the Wellington suburb of Seaview were used as temporary storage. ‘Dead’ records that should have been transferred from departments to the National Archives were not, because the Archives was unable to accommodate them. For decades, annual reports raised safety and efficiency issues arising from a lack of suitable space. This extract from the 1958 Annual Report sums up the issues:

Inadequate accommodation has continued to impede effective functioning. Some large and important groups of documents were deposited in the National Archives store at Seaview, which does not possess adequate standards of safety. The surveys of records undertaken by the staff of the National Archives have revealed a number of cases where Departments are forced, through lack of suitable premises, to house valuable documents in repositories that expose them to the danger of damage or destruction by fire, damp, earthquakes, or vermin, or all four combined. Until adequate and suitable accommodation is provided, little or nothing can be done to improve this situation. The Archives Act is not concerned solely with the preservation of valuable documents. It is intended also to introduce measures which would lead to increased economies and improved practices in records management generally. But it will be impossible to effect these in full measure until suitable accommodation is provided.

Annual reports were still calling for the need for suitable and permanent premises in the 1980s. The National Library, by contrast, moved into a purpose-built building in central Wellington in 1987.

During the 1970s the National Archives put forward proposals for computerised finding aids (cataloguing) and word processing. These proposals were denied funding by Internal Affairs and the State Services Commission. In contrast, the National Library, then a part

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63 For example, as reported in ‘A Chronology of Archives Keeping in New Zealand to 1990’, p. 8, with reference to the situation in 1959; and the Report of the Department of Internal Affairs for the Year Ended 31 March, 1974, pp. 28-9.
64 Report of the Department of Internal Affairs for the Year Ended 31 March 1957, p. 44.
of the Education Department, was funded for the computerisation of its indexes.\(^{67}\) Funding for the National Archives continued to be inadequate, to the extent that a 1994 review reported archive users complaining that the indexes were ‘impenetrable’ and in need of computerisation.\(^{68}\)

Huge backlogs were evidenced in the area of appraisal. Appraisal is where an archivist determines which records should be kept and which should be destroyed. Appraisal reports are sent to the Chief Archivist for authorisation. Without appraisal and the following stage of description, records cannot be made available for access to the public. In the 1970s and 1980s, archivists were still appraising records from the 1840s and 1850s – what a former Chief Archivist Ray Grover described as ‘a sort of 130 year rule.’\(^{69}\)

Growth in the size and complexity of the state sector following World War II saw an influx in the number of records to be processed by the Archives. This put a strain on accommodation, funding and staffing levels. In the 1970s,

...the holdings of conventional archives more than doubled, map holdings expanded 20-fold from 20,000 to 400,000, the number of readers tripled, productions of records doubled, written enquiries tripled, and requests for photocopies went up five-fold.\(^{70}\)

Public sector restructuring in the 1980s created a huge extra workload for National Archives.\(^{71}\) Many agencies took restructuring as an ideal time to deposit records with the Archives. The holdings of the National Archives increased by 200 percent between 1984 and 1994.\(^{72}\)

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\(^{71}\) See, for example, *Report of the Department of Internal Affairs* for the years ended 31 March 1988 and 1989, pp. 35 and 18 respectively.

\(^{72}\) *McDermott Miller Report*, p. 41.
In 1996 the head of Internal Affairs estimated that the backlog of arranging and describing records was about 44,000 hours worth. Clearing this backlog would require the employment of one trained archivist for about 24 years. Without the proper evaluation and sorting of these records, they remained unavailable for public access. However, demand for access to records also grew dramatically; between 1984 and 1994 reader visits quadrupled, as did the retrieval of records for client agencies and other users. Written enquiries doubled between 1991 and 1994.

The Internal Affairs annual report for 1986 noted inefficiencies for the state sector as a whole, resulting from the Archives’ under-staffing:

> A recent survey indicates that two-thirds of head office records are ‘dead’ and unnecessarily occupy 6000 square metres of office space in central Wellington. The appraisal of these records far exceeds the capacity of National Archives, whose resources are stretched to meet more urgent departmental requests.

Even more crucially, without adequate appraisal there was the very real risk that agencies would destroy records without permission. This is because records due for appraisal are those that are older and (generally) no longer in use by the originating agency. To keep them past their use-by-date incurs costs, such as the accommodation costs mentioned above. In a 1994 review of the National Archives, user complaints included comments from depositing agencies that there have been ‘excessive delay[s]’ processing appraisal reports and that the long lags sometimes lead to documents being destroyed by the originating agency.

There were some improvements for National Archives during the 1980s. In 1989 the Archives finally acquired a permanent building in central Wellington. Staff numbers increased from 18 (including ten professionals) in 1977 to 49 (including 42 professionals) in 1989. There were also improvements in staff training. From 1982 until 1992, at least

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73 Correspondence from Roger Blakeley to the Hon Peter Dunne, Minister of Internal Affairs, 27 May 1996.
74 McDermott Miller Report, p. 41.
one Archives staff member was sent overseas each year to study for their post-graduate archives diploma.\textsuperscript{78} The Chief Archivist for much of this decade, Ray Grover, attributes his success partly due to adopting a strategic outlook. Rather than passively accepting direction from Internal Affairs, Grover fought for more resourcing. Starting from such a low resourcing base meant that things could only improve. In the late 1980s a sympathetic Minister of Internal Affairs, former historian Michael Bassett, and a receptive Chief Executive of Internal Affairs, Peter Boag, enabled Grover to progress his plans.\textsuperscript{79}

After a major review of Internal Affairs in 1989, the National Archives became an independent business unit of the Department.\textsuperscript{80} Chief Executives Peter Boag (1986-1990) and Perry Cameron (1990-1994) operated Internal Affairs on a decentralised basis, and gave the National Archives considerable operational independence. The Chief Archivist was on the Department’s Executive Management Team, so he had some input into department-wide planning. It also gave him some visibility within the Department, and direct access to the Secretary.

A change in government in late 1990 saw a new Minister of Internal Affairs, Graeme Lee, appointed. Lee, a Minister outside Cabinet, was not in a position of power within his own government and did not push the Archives’ issues. Consistent with a ‘minimise’ strategy to counter budget problems, the 1990s were a time of zero baseline budget growth in the public sector, where any new initiative had to be funded within existing budgets. Overall, core government expenditure contracted. Internal Affairs faced budget cuts in the mid-1990s.\textsuperscript{81} It was required to fund all new initiatives, such as the new Ministry for Ethnic Affairs, and the computerisation of the births, deaths and marriages

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\item \textsuperscript{78} ‘A Chronology of Archives Keeping in New Zealand to 1990’, p. 8.
\item \textsuperscript{80} Kathryn Patterson, Chief Archivist, ‘Memo to Richard Miller of McDermott Miller Ltd’, 3 October 1994. As recommended by, Cabinet Review: Department of Internal Affairs, 21 August 1989, p. 40.
\item \textsuperscript{81} Treasury, ‘Briefing note T94/217 for bilateral meeting between the Deputy Minister of Finance and the Minister of Internal Affairs held 15 February 1994’, 11 February 1994.
\end{itemize}
The National Archives was not immune from these fiscal pressures. Its Crown revenue dropped 28 per cent between 1990 and 1997, from just over eleven and a half million dollars a year to a little under eight and a half million dollars. The cut in its appropriation coincided with a massive increase in work for the National Archives.

There have only been two periods during the Archives’ placement within the Department of Internal Affairs, in which the Department made real efforts to promote the National Archives: its establishment period (the delay in appointing Standish as Chief Archivist aside), and its time under Peter Boag, during which Grover was free to promote the interests of the Archives as he wished; this included allowing him to deal directly with Minister Bassett. With the exception of these two periods, the effective consequence of placing the Archives within the Internal Affairs bureaucracy was one of burial beneath other more-pressing or larger issues. The priorities of the National Archives have not been the priorities of the Department of Internal Affairs. Across-the-board retrenchments in public spending in the 1990s brought an end to the efforts Grover, Boag and Bassett had made to put the National Archives on a sound footing. These factors, along with weak leadership in the 1960s and 1970s, contributed to the poor resourcing and low profile of the Archives. Under-resourcing and a low profile in turn undermined the Chief Archivists’ and the Archives’ ability to fulfil their statutory duties.

A major issue of profile for the Archives has been the status of the Chief Archivist. Her status and profile varied depending on, in part, where the Archives was placed within the Internal Affairs bureaucracy, and her relationship with the Secretary. From 1973 to 1989, the Archives was placed within an Internal Affairs’ cultural affairs grouping. A 1977 report stated that this placed the Chief Archivist ‘five levels removed from the Minister’; even after the increase in operational independence in 1989, she could only raise

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concerns with her Minister if her superiors in Internal Affairs approved. The National Archives’ semi-independence within Internal Affairs was short-lived. The 1995 appointment of Roger Blakeley as Chief Executive of Internal Affairs led to proposals for a separate Heritage group within the Department of Internal Affairs. This group was to consist of the National Archives, the Historical Branch, and the Dictionary of New Zealand Biography and Heritage Properties (war graves and monuments). As a result of these changes, the Chief Archivist became answerable to a heritage manager, thus losing her direct link to the head of Internal Affairs and her place on the Executive Management Team.

The Archives Act gives the Chief Archivist considerable powers within the state sector. No record, whatever its medium, can be destroyed without her permission. She has the right to inspect records still held by agencies to ensure they are being properly cared for. Failure to adequately care for records can lead to prosecution under the Act. But the Chief Archivist has been largely unable to exercise these powers. One problem has been resourcing; a shortage of trained staff resulted in delays in appraisals and patchy liaison with agencies. Lack of suitable storage space delayed the transfer of records, probably leading to some losses of records. Another reason the Chief Archivist was unable to exercise her powers was her placement within the Department of Internal Affairs.

The powers of the Chief Archivist cut across all government agencies. For the regime to work, she must have the authority commensurate with the powers ascribed her in the legislation. As former historian and current Finance Minister Michael Cullen commented,

… the New Zealand Archivist must have the power over other heads of departments in relation to the disposal and transfer of records subject only, perhaps, to strictly defined and time-limited security provisions. That function is not consistent with any kind of subordinate role.

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85 Cullen, ‘New Zealand Archives Should Stay Separate’, p. 58.
A professional archivist described the pre-State Sector Act (1988) public service thus:

… in the highly stratified Public Service, and nowhere is it better understood, influence and power depend directly on the status of the office from which they are exercised, because its formal status is taken as a direct measure of the importance the Government attaches to the performance of the office’s functions. If the office is placed low in the Government hierarchy, then no matter what legal authority is vested in it (and in the case of the Chief Archivist it is considerable), a similar value will be placed on it by those with which it deals. The Chief Archivist has the enormous responsibility of being charged with the ultimate integrity of all Government records; it is a responsibility which can only be effectively discharged by influence. If the means of influence is weak, then the performance of the office’s responsibilities will be defective, particularly in relation to other Government departments.  

The New Zealand state sector does not have a tradition of valuing government records. As Beaglehole noted after records were destroyed in the Hope Gibbons fire, the reaction of public sector managers was, ‘Thank God that lot’s gone.’

The fact that an Archives Act is required to regulate the disposal of material indicates clearly that organisations are not naturally concerned about ensuring adequate appraisal of material, but if left to their own devices would simply dispose of ‘unwanted’ (from their point of view) material.

The 1957 Archives Act did provide penalties for neglect or wilful damage to records, but there were no prosecutions under it. As Chris Hurley has pointed out in relation to the situation in Australia, prosecution by one government agency of another for failing to meet records standards or the destruction of records is unlikely:

One reason why there have been no prosecutions is that in Australia governments discourage (where they do not actually forbid) prosecution of one government agency on the initiative of another and any move towards it is swiftly frustrated. Because they involve criminal sanctions, the standard of proof (beyond reasonable doubt) is higher than it would be in ordinary court action (on the balance of

probabilities). Similarly, criminal action ordinarily lies against a natural person who is often either the agent of the guilty party (the lowly file clerk) or the remote instigator (the guilty Chief Executive who did not actually do the deed). Moreover, the best evidence is usually the testimony of the person who would have to be prosecuted and therefore hard to obtain. Even if all these obstacles are overcome, the defence could argue absence of \textit{mens rea} (although records were indeed destroyed without approval, there was no criminal intent). \footnote{Chris Hurley, ‘From Dust Bins to Disk-Drives and Now to Dispersal: the State Records Act (New South Wales) 1998’, \textit{Archives and Manuscripts}, vol. 26 no. 2, November 1998, p. 403. Italics in original.}

Archives staff therefore need to foster co-operative relationships with records management staff in government agencies, to ensure that records are stored appropriately and are not destroyed unlawfully. The co-operative nature of the relationship is important. The National Archives cannot place staff at the coal-face of all government offices. As such, they cannot know for sure what records are produced, let alone destroyed. A campaign of education about records management and the Archives Act regime obligations would reduce losses through ignorance. It would not stop the deliberate destruction of records, but nothing short of an archivist stationed in every office at all times would do that. Nonetheless, the threat of prosecution adds weight to the overall regime. Adequate staffing to forge and maintain such relationships and for the training of records managers in agencies was not forthcoming in New Zealand. The low profile of the regime and the Chief Archivist as well as under-resourcing meant that the potential of the archives and records regime of the 1957 Act was not realised.

The National Archives’ reputation as the protector of the nation’s official record was damaged by several events. What these events had in common was the impotence of the Chief Archivist to resist the agendas of others in the public sector. One of these events involved the papers of Sir Walter Nash.

Walter Nash was New Zealand’s Finance Minister from 1935 until 1949 and Prime Minister from 1957 to 1960. He died in 1968. Nash bequeathed his collection of personal and official papers to the National Archives but there were complications to this bequest. Rather than deposit the papers straight into the Archives, they were to be handled by the administrator of the Nash estate - the Public Trustee, plus some advisory
trustees - according to a transfer settlement which had to be negotiated between the parties. The advisory trustees describe their role as being ‘specifically appointed to ensure the safekeeping and appropriate disposal of [Sir Walter’s] books and papers’. While National Archives had the physical custody of the Nash papers, it was the trustees who controlled access.

The size and nature of the collection added complexity to the standard archival arranging and describing process. The Nash papers were huge by New Zealand standards (weighing 14 tons) and a mixture of the personal (passports, birthday cards), the trivial (bus tickets, restaurant receipts) and the political (his official papers and the official papers of others who served under him, like Peter Fraser).

The National Archives leased some extra space and bought shelving to accommodate the collection. However,

Unthinkable though it might be for a national archives, these premises [did] not include stack or strong room space with a security rating high enough to accommodate material relating to national security or even, to accommodate files relating to private people.

Extra staffing resources were not made available to National Archives to thoroughly process the Nash papers. It was estimated that a minimum of four man-years would be required to sort and classify the collection. As the Archifacts editorial ‘Gnashing of Teeth’ commented, such a collection, ‘of disorganised private papers, with public documents intermingled, is not something that can be tackled on the side in addition to a normal workload.’

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95 ‘Gnashing of Teeth’, p. 53.
Walter Nash served in Labour Party governments. From his defeat in the 1960 election, until 1984, Labour only served one term in government, from 1972-1975. The third Labour government was elected not long after the 1971 formal deposit of the Nash collection in the National Archives. Given the Labour Party connection, and a commitment shown to cultural affairs by the Labour government, it is surprising that extra staffing was not provided to promptly process the Nash papers. Explanations include either that the Chief Archivist of the time did not lobby for more staff, or that she did but was unsupported by her Secretary for Internal Affairs.

When the trustees commissioned historian Keith Sinclair to write a biography of Sir Walter Nash in 1970, he was given access to the unsorted papers at the National Archives, under special conditions. These included the requirement for the Archives to notify originating departments before Sinclair had access to current documents. Sinclair’s access to the collection was to expire 16 November 1976. His biography of Nash was duly finished and was published in November 1976. The row surrounding it and the Nash collection unfolded as follows.

It appears that Sinclair was able to use the whole, unsorted collection of papers in the Nash collection, with no restrictions put on access to classified documents. This was despite the original conditions placed on his access to them. As he went through the classified documents, Sinclair came across Security Intelligence Service (SIS) reports about people that he knew. Disagreeing with their comments and conclusions, Sinclair contacted the Ombudsman, Sir Guy Powles. Sir Guy investigated the state of the SIS in 1975 and 1976. His report contained concerns about the SIS that were traceable back to Sinclair and the documents he had accessed at the National Archives.

The SIS was upset with what it considered lax controls over sensitive material by the National Archives. It asked the Chief Archivist to hand over 32 items that had originated

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97 ‘ Gnashing of Teeth’, p. 50.
98 ‘The Nash Estate’, Archifacts, NS 1, February 1977, p. 3.
with the Service, for the purposes of safekeeping, which she did.\footnote{Thomas Wilsted, ‘Underneath the Archives’, \textit{New Zealand Listener}, 17 December 1977, p. 8.} The SIS claimed that the Archives did not have appropriately secure storage facilities for sensitive and classified material, and were unable to uphold the terms of the 1970 access agreement, which required originating departments to be notified before Sinclair accessed current material. The Service used a Crown Law Office opinion, upholding their claim of ownership of the contents of the documents, to put further pressure on the Chief Archivist. Later, in 1976, the SIS, already in possession of the documents, and without consulting the Nash trustees at all, claimed ownership of them.

This saga raised a number of issues, including the need for legislation to clearly state whether the ownership of documents lay with originating agencies or recipients, and what constituted official papers. Nash’s papers were treated as a private collection overseen by trustees, yet they accumulated during his time as a public servant. While the collection did include private documents, it also contained classified official documents. It raised the issue of whether departments should have control (as distinct from ownership) over documents they originate but that end up in someone else’s collection. Generally, the saga raised issues of ‘the confidentiality of Government documents, freedom of information, and censorship.’\footnote{‘The Nash Estate’, p. 4.}

Perhaps most significantly, the Nash saga damaged the reputation of the National Archives as a strong, independent guardian of the public interest. Why would a collector of sensitive archival material entrust the National Archives to care for their collection, when the Chief Archivist gave in to pressure from the SIS?

A participant at a seminar in 1978 cited the case of an unnamed Cabinet Minister, who

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…intended to send his papers to the Turnbull Library, despite … [a] recommendation that collections of this type should be deposited in National Archives. When the Minister had the reputed agreement between the two institutions relating to political papers pointed out to him, he had merely retorted: ‘Come off it: where would you put anything that was important?’\footnote{O’Connor, p. 36.}
\end{quote}
The Nash saga revealed several failures by the National Archives: failure to secure adequate resources, failure to supervise access to sensitive documents, and failure to hold out against pressures exerted by another, albeit very powerful, government agency.

Provenance and original order were undermined with the removal of select Nash papers from their context:

The principle of provenance is that archives should be kept according to their source. The principle of original order is that archives should be kept in the order originally imposed on them. These two principles recognise that archives are brought together in relation to the activities that resulted in their production. The Nash collection is a product of Sir Walter’s activities as a Prime Minister, Leader of the Opposition, Minister of the Crown, Member for the Hutt, member of the Labour Party, businessman, churchman, and family and private man. Each document in the collection relates to the other – otherwise it would not be there. More than anything else, an archival collection exemplifies that the whole is greater than the sum of its parts. If documents are removed, the integrity of the collection is necessarily called into question.102

A similar but less public saga over access to papers deposited in the National Archives occurred in the late 1980s and early 1990s. Between 1986 and 1988, the historian Barrie Macdonald deposited his collection of papers on the phosphate mining of Nauru in the National Archives, with restrictions on access to other researchers for ten years. He placed further restrictions on documents originating from other jurisdictions (Australia, the United Kingdom) that were under restricted access in their originating countries. In July 1988, following court action by the Nauru government against the Australian, New Zealand and British governments, the New Zealand Ministry of Foreign Affairs and Trade (MFAT) applied to have all of Macdonald’s papers restricted to all users – including Macdonald himself.

This demonstrated problems with the Archives Act, which treated all deposited papers as public archives, even if they were a collection of private papers. As public archives, such papers came under ministerial directive (in this case, a directive from the Acting Minister of Internal Affairs, Jonathan Hunt, on the advice of the Secretary of Internal Affairs,

Peter Boag). The ministerial directive overruled the deposit agreement Macdonald had negotiated with the National Archives when his papers were deposited.

Barrie Macdonald wrote of the treatment of his papers:

> What this incident reveals, above all, is the compelling importance of revising the Archives Act 1957. National Archives was placed in a position where it could not honour an agreement on conditions of deposit that had been negotiated in good faith. This is serious enough in itself, but it also amounts to a fundamental compromising of the independence of National Archives, an independence that should be established and protected by law, and not subverted by a weakness in the Archives Act itself. … A cautionary tale should have a moral, and here it is clear: if they want to be sure that their conditions of deposit and access will be honoured, no organisation or individual should lodge private papers at National Archives until the Archives Act 1957 has been suitably amended.  

Despite negotiating the deposit agreement, the Chief Archivist of the time, Ray Grover, was not involved in these decisions. The directive went from the Acting Minister to the Secretary of Internal Affairs, who liaised with a more junior Archives staffer. Indeed, Grover did not know that access to the records was being reconsidered. He disputes the interpretation given of the Archives Act by the Acting Minister.  

In 1996 the Chief Archivist, Kathryn Patterson, tried to stop the sale of a collection of maps that had been accumulated by the former Ministry of Works and Development. In 1988 the Ministry was abolished. Its various divisions went to other agencies. The commercial division of the Ministry became a new trading enterprise, Works and Development Services Corporation (NZ), or Works Corp. Works Corp was established as a State Owned Enterprise (SOE), a form of state trading enterprise that conformed to the State Owned Enterprises Act (1986). SOEs were designed to mimic private sector companies as much as possible, including the requirement to focus on maximising profits. Works Corp’s main business was the maintenance and construction of roads. It secured contracts through competitive tendering processes.

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104 Ray Grover, conversation with the author, 4 August 2004.
When it was abolished, the records and other intellectual property of the Ministry of Works and Development were dispersed among nine different central government agencies and local authorities. Some records were deposited with the National Archives\textsuperscript{106} but other records were retained by the new organisation. These records included a map collection. When Works Corp was sold to Opus Consulting, Patterson tried to prevent the sale of the intellectual property that had accumulated during state ownership, including the map collection. The Treasury objected. Patterson sought the support of the Roger Blakeley, the Secretary of Internal Affairs, for a prosecution. He declined to support her. Without his support, Patterson was unable to proceed.\textsuperscript{107} Once again, the priorities of the National Archives were not the priorities of the Department of Internal Affairs. As an ambitious Secretary, Roger Blakeley might not have wanted to get off-side with Treasury over an issue such as public access to a map collection. The result of the sale of the map collection is that the public must now pay for access to a resource that accumulated under public ownership and with taxpayer funds.

The problems facing the Archives regime in New Zealand did not go unnoticed by its staff and users. In 1976 the Archives and Records Association of New Zealand (ARANZ) was established. It was formed as broad-based support group for all things archival. ARANZ publishes the journal \textit{Archifacts}, which had previously been published by the Archives Committee of the New Zealand Library Association. ARANZ membership is open to anyone, and includes archivists, manuscript librarians, records managers, historians, genealogists and members of the general public. In 1976, with only 18 full-time staff working at National Archives, an organisation strictly for professionals was not viable.\textsuperscript{108} Because of its broad membership, ARANZ has been able to lobby where the National Archives could not, to mount campaigns outside the scope of public servants. ARANZ established regional branches and set up committees focussing on issues such as professional training. Membership soon exceeded 300.\textsuperscript{109}

\textsuperscript{109} \textit{Smith Report}, p. 6 for membership figure.
In 1977, the Archives and Records Association of New Zealand sponsored a visit to New Zealand of Wilfred I. Smith, the Dominion Archivist of Canada. The trip was funded by a Department of Internal Affairs Lottery Funds grant and a grant from the Bank of New Zealand. Smith was asked to evaluate the present situation facing all archives in New Zealand and to make recommendations for the future. He was to report to ARANZ, not the National Archives or any other government body. Smith explained that by reporting to ARANZ, he had greater independence and was less likely to be influenced by the National Archives or any other central government organisation.110

Much of the Smith report is taken up with very brief coverage of a range of institutions and archival forms, such as oral archives, audio-visual archives, church archives, business archives and local body archives. But Smith puts the National Archives at the centre:

The heart and centre of a national archives system must be a strong National Archives which has the necessary authority, resources, and staff to perform the functions which have been assigned to it.111

Smith reported a range of deficiencies with archives in New Zealand, and made 28 recommendations. Among his criticisms was the low status of the Chief Archivist:

If the National Archives is to be able to perform its functions effectively it must have a status which is commensurate with its responsibilities. … Because of the responsibilities in regard to the management of all government records and its control over the destruction of public records the National Archives requires a status which ensures a degree of independence and protection from political or official influence. In some countries the national archives has the status of a separate department; in most countries it reports directly to a minister. In New Zealand the National Archives is five levels removed from the Minister and I understand that eleven positions in the National Library have a higher salary level than the Chief Archivist whose salary sets a ceiling for all professional archivists…. The salary of the Chief Archivist should be in the same range as that of the National Librarian.112

Smith went on to recommend that the Chief Archivist should have ‘authority to publish an annual report to Parliament’, pointing out other agencies that report to Parliament,

111 Smith Report, p. 13
112 Smith Report, p. 13
including the National Library, which was part of the Education Department, and various bodies that were under the Internal Affairs umbrella, such as the National Museum, the National Art Gallery, and the Historic Places Trust.\textsuperscript{113}

Smith also commented on the low priority given records management in government departments:

\begin{quotation}
At present records management standards in government departments are uneven. Liaison with the National Archives is often the responsibility of a junior records clerk who does not have authority to establish and maintain uniform standards throughout his department, or to ensure the preparation and implementation of records schedules.\textsuperscript{114}
\end{quotation}

Tied to this was the lack of clear authority for National Archives in the records management area, which resulted in an inability for the Archives, ‘to comply with the intention of the Archives Act to provide for “the efficient and economical administration and management” of public records.’\textsuperscript{115} Smith blamed this lack of clear authority on an overlap in responsibility for public sector records management between the State Services Commission and the National Archives. He recommended that the Commission divest some of its records management functions to the Archives, reasoning:

\begin{quotation}
As the agency which has a continued concern for records from creation to disposal or preservation as archives, the National Archives is the most suitable agency to provide records centres, to establish standards and guides, to provide training of records managers and advisory services in records management.\textsuperscript{116}
\end{quotation}

Smith also recommended new legislation. He suggested that the new act be called the Public Records and Archives Act, ‘to take cognizance of the responsibilities of the National Archives for current and dormant records as well as archives.’\textsuperscript{117} The Smith Report also commented on the lack of resources for National Archives:

\textsuperscript{113} Smith Report, p. 14 for quote and p. 13 for list.
\textsuperscript{114} Smith Report, p. 15
\textsuperscript{115} Smith Report, p. 15
\textsuperscript{116} Smith Report, p. 15.
\textsuperscript{117} Smith Report, Appendix III, p. 48.
Inadequate resources have prevented the implementation of several of the provisions of the Archives Act, particularly in regard to records management and non-public archives. ... The limited staff and resources permit only the basic tasks to be performed. The result is that the work does not attain a satisfactory level of sophistication or provide for individual job development. Another result is that the work is limited and is perceived by outsiders, including the State Services Commission, to be limited. This means that archives work has a low status and because the potential of archives cannot be appreciated the work has a low priority for the allocation of resources.\footnote{Smith Report, p. 20}

Reaction to the report by the archiving community was positive. One archivist remarked that it was good to have a reviewer who was an archivist, so much time was saved not having to explain what archives are and why they matter: ‘Certain professional assumptions were shared and understood from which we could all proceed.’\footnote{Strachan, p. 11.}

A special seminar on the Smith report, hosted by the Archives and Records Association in September 1978, unanimously passed a motion supporting the report and calling on the ARANZ Council to do what it could to implement his findings.\footnote{‘Perspectives on the Smith Report: General Discussion’, Archifacts, NS 7 and 8, September-December 1978, p. 46.} Despite support for the report overall, there was disagreement with some aspects. A records manager advocated records management be solely the purview of the State Services Commission and for the National Archives to stick to archival matters. He commented that, ‘Records management is a separate profession and should be treated as such.’\footnote{K. Tall, ‘The Records Managers’ Viewpoint’, Archifacts, NS 7 and 8, September-December 1978, p. 25.} A business archivist expressed disappointment that the report contained so little for his field, and what was there was not useful.\footnote{Robin Griffen, ‘The Professional Viewpoint’, Archifacts, NS 7 and 8, September-December 1978, p. 18.}

The Minister of Internal Affairs, Allan Hightet, opened the seminar on the Smith Report, acknowledging that,
National Archives for much of its existence has tended to be a Cinderella area as far as resources and growth are concerned. This to a large extent has been a reflection of New Zealand’s immaturity as a nation and the general lack of importance placed on things historical by the country as a whole. This attitude has, of course, been changing and particularly so with regard to the preservation of historical places and sites.\textsuperscript{123}

Hightet commented that his department officials were studying the Smith report and looked forward to ARANZ’s comments on it. He warned that difficult economic times did restrict opportunities for extra spending.\textsuperscript{124}

Western Australian State Librarian Robert Sharman wrote that the Smith report was predictable. He said that given the problems with New Zealand’s archives were obvious, was it worth the trouble importing an overseas expert to say so?

Here we see the aims and objectives of the Archives and Records Association of New Zealand written up with Wilfred Smith’s signature attached. This does not mean that the visitor in any way compromised his own attitudes, or accepted the role of puppet. The truth is that the things that are wrong in New Zealand archives are obvious to any trained observer, and the Smith report could easily have been written on the basis of the documents that were supplied to the Dominion Archivist before he left Canada.\textsuperscript{125}

Sharman concluded his critique by saying that the real question is whether ‘the publication of the Smith report [will] help [ARANZ] achieve their objectives more quickly, more thoroughly?’.\textsuperscript{126}

Following publication of the Smith Report meetings were held between Internal Affairs and the Chief Archivist about the issues it raised. The position of the Chief Archivist in the public service hierarchy was referred to the State Services Commission.

ARANZ President Brad Patterson wrote in 1980 that, following the Smith Report,

\textsuperscript{124} Hightet, p. 3.
\textsuperscript{126} Sharman, pp. 151-152.
…the document holocaust continues. In the offices of both central and local government, important records continue to be wantonly destroyed. At the central government level, control is vested in National Archives, under the Archives Act 1957. The controls are there, but the institution is insufficiently underwritten to enforce them.  

Patterson wrote, pessimistically,

With regard to staffing and financial resources, there has been little forward movement. Such inputs remain within the purview of the [State Services] Commission and Treasury. The chances for any dramatic increases must be slim in an era of ‘sinking lid’ staffing and reduced state expenditure.  

A tangible outcome of the meetings between officials following the Smith Report was the establishment of a Management Audit of National Archives, chaired by historian Ian Wards. The Wards Committee was charged with assessing the Smith Report, reviewing the operation of the Archives Act, examining the Archives and recommending ways its operations could be improved.

The Wards Committee Report broadly endorsed the Smith Report, recommending more resources for National Archives so it could carry out its responsibilities under the Archives Act. It also supported an upgrade in the status of the Archives as an institution, and for the Chief Archivist. The Wards Committee commented that its report was ‘a plan for action’ with ‘specific administrative and legislative proposals that could be readily acted upon’. It called for National Archives to be more proactive in its relationship with government offices, in the field of records management and the setting of professional standards.

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127 Brad Patterson, ‘W(h)ither the Smith Report?’, Archifacts, NS 14, June 1980, p. 308.
129 Wards Report.
130 Wards Report, Appendix III.
131 Wards Report, p. 2.
132 Wards Report, pp. 1 and 2 respectively.
Chapter 4: Action Deferred, Not Taken

Perhaps the most significant development following the Smith and Wards reports was the creation of a new position, that of a Director for National Archives.\(^\text{134}\) That post was credited with realising the Smith recommendation of higher status for National Archives and its staff:

> A cardinal point in the Smith Report was that, as part of a general programme for upgrading of National Archives, the status of its head shpuld [sic] be substantially raised within the Public Service with direct access to the Minister of Internal Affairs. The creation of the new position of Director of National Archives goes some, but not all the way to meeting this stipulation. Its grading places it on a level with an Assistant Secretaryship within the Department, a great improvement on the old situation which merely equated the Chief Archivist with an executive officer in line of reporting.\(^\text{135}\)

In the pre-State Sector Act (1988) era, under-performing public sector managers were not dismissed. Their contracts did not come up for renewal every three or five years. Creating the post of ‘Director’ enabled the State Services Commission to side-step the issue of Hornabrook’s performance. The post of Director created a senior manager to concentrate on strategic management, leaving Hornabrook to focus on professional issues, such as approving appraisal reports. In terms of the state sector hierarchy, the Director was positioned higher than the then Chief Archivist, on a par with the heads of the National Gallery and National Museum, but still below the National Librarian.\(^\text{136}\)

The new Director, Ray Grover, stood up for the National Archives within the Department of Internal Affairs structure. He stressed that while the Archives Act stipulated that the Chief Archivist ‘managed National Archives “under the general direction of the Secretary [for Internal Affairs]”’… ‘National Archives was not managed by the Department of Internal Affairs’.\(^\text{137}\)

The Smith report also raised the issue of public sector records management. In 1986 the State Services Commission, in co-operation with National Archives, commissioned a

\(^\text{134}\) ‘A Director For National Archives’, p. 440.
\(^\text{135}\) ‘A Director For National Archives’, p. 441.
\(^\text{136}\) Hierarchy point made by Ray Grover, in conversation with author, 4 August 2004.
review of public sector records management. It was headed by Patricia Acton, a records management expert from the United States. Damningly, of the 36 government departments surveyed, the report claimed that ‘not one of these organisations has an efficient and effective records management programme.’ The report claimed that records management, ‘in relation to archives, has always been the “poor cousin” in New Zealand.’

Like the Smith and Wards reports before it, Acton reported the inability of National Archives to carry out its statutory functions in an effective manner due to lack of resources and lack of authority:

> It took the New Zealand Government 117 years to legislate for the care of public archives, and to set up National Archives. After thirty years of operation, National Archives still has only the same number of staff originally recommended. For this reason its impact on archives administration and records management has been substantially less than it might, and should, have been.  

… both the State Services Commission and National Archives have some mandate for records management and both, at times, have shown a practical commitment. Unfortunately neither organisation has been able to sustain a strong and permanent records management programme. This has been due to: a ‘blurring’ of the areas of responsibility; a shortage of resources and, in the case of the Commission, a lack of high priority … National Archives staff have been unable to have the organisation’s mandate for records management widely accepted or recognised. This has been compounded by the lack of staff and financial resources.

Grover failed to convince the Acton Committee to recognise National Archives as the government’s expert in records management. Following Acton, the area continued to be divided between the Archives and the State Services Commission. The State Services Commission out-numbered the National Archives on the Acton Steering Committee.

Former Chief Archivist Ray Grover alleges the SSC diminished the contribution of the

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139 Acton Report, p. 8.
140 Acton Report, p. 9.
141 Acton Report, p. 10.
142 Hodder, p. 17.
Archives to the final report. In addition to fighting the influence of the State Services Commission, National Archives was hampered by Patricia Acton’s view that the Archives had a cultural and historic function, rather than a role central to administration. Senior Internal Affairs staff were also noted as expressing that view to the Steering Committee.

The timing of the Acton review meant that its emphasis on stronger central leadership and control of state sector records management was out of step with the rapid and dramatic changes that were occurring in the management of New Zealand’s public sector. At the time of the report’s release in 1986 the New Zealand public sector was beginning a major transformation. The state sector went from being unified and centralised to disaggregation. The 1962 State Services Act promoted a single unified state sector with the State Services Commission providing leadership and uniform standards. This act was repealed and its regime replaced by the State-Owned Enterprises Act (1986), the State Sector Act (1988) and the Public Finance Act (1989). With the passage of these Acts, responsibility for records management was effectively removed from the State Services Commission to the individual agencies. Individual agencies were now responsible to their ministers, not the overall public sector and its control and coordination agency, the State Services Commission. In 1987 the State Services Commission advised the National Archives that it would not be acting on the Acton Report recommendations.

Disaggregation and privatisation of the New Zealand public sector was such that by 1989 a Cabinet review of the Department of Internal Affairs went as far as to query the need for records management to even be a governmental function. In analysing the business profile of the Archives, the Cabinet review claimed that functions such as records management, policy and some services were contestable. The only purely governmental

144 Alan Smith, p. 33.
146 Alan Smith, p.35.
147 Alan Smith, p. 34.
function of the Archives, according to the machinery of government principles outlined earlier in the report, was appraisal (the identification of archival material).

Major issues concerning archives from the 1960s to the mid-1990s concerned resourcing as well as the status of the National Archives and the Chief Archivist within the Internal Affairs structure. A third issue on the agenda during this time was that of revising the 1957 Archives Act.

Legislation is routinely updated to take into account the changing environment it has to operate in as well as changing policies. In addition, once a new law is enacted, shortcomings within it are often found. Staff from the Archives and other Department of Internal Affairs staff began revising the Archives Act in 1974.

In 1974, the areas of concern over the Archives Act included technical updates one would expect to be routine, such as updating listed government agencies to reflect name changes. Other changes however involved clarification of the original legislation. There was some uncertainty as to what agencies the Archives Act covered, in particular, whether teachers’ colleges and universities were included in the term ‘government offices’. Strengthening the Chief Archivist’s ability to insist on minimum standards of care and preservation for records in agencies’ custody was also on the agenda. The need to deal with local government archives was also an issue, one that was later addressed in separate legislation, the Local Government Amendment (number 3) Act, 1978. Other points of discussion were the need for an advisory committee to work with the Chief Archivist on policy, to represent user concerns, and to speak out on behalf of the Archives. Importantly, the 1957 Archives Act did not specify a time frame during which records must be made available to the public. The public had access to archives subject to deposit agreements, but there was no over-riding guarantee of access after a set

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149 Cabinet Review: Department of Internal Affairs, Annex 2.
150 Cabinet Review: Department of Internal Affairs, ‘Business Profiles: National Archives’.
152 Editorial, ‘Revising the Archives Act’, Archifacts, no. 6, December 1975, p. 2.
period of time, say, a 30 year rule. Work on the new archives legislation was put on hold while the Danks Committee investigated New Zealand’s official information policies, a process that led to the 1982 Official Information Act. It is perhaps indicative of the low profile of the National Archives and the Archives Act regime that the Danks report says nothing about that Act, the National Archives, or records management regimes in the state sector. Despite Internal Affairs making a submission to the Select Committee on the Official Information Bill, drawing its attention to the ‘pertinence’ of the 1957 archiving regime, the new Official Information Act does not cover archival records. A more comprehensive approach to reforming information policy would have considered the archives legislation and the official information legislation in tandem.

The outcome of the 1974 meetings on the review of the Archives Act was the 1984 Public Archives and Records Bill. The new Bill copied the Official Information Act (1982) definition of ‘organisation’, which includes educational institutions such as universities, as well as state-owned businesses.

The Public Archives and Records Bill also took into account one aspect of the Nash affair, in that it classified records, ‘that are or have been held by … A Minister of the Crown in his official capacity,’ as public records, and thus coming under the provisions of the legislation. Presumably this could be used to challenge the arrangement for the administration of the Nash papers, although the trustees had not been an impediment to their processing or access.

\[^{153}\text{Judith Hornabrook, ‘Thoughts on New Zealand’s National Archives’, Archives and Manuscripts, May 1975, p. 106.}\]

\[^{154}\text{Secretary for Internal Affairs, Submission on the Official Information Bill, 9 September 1981.}\]

\[^{155}\text{Public Archives and Records Bill 1984, cl.2(a)(ii).}\]
The Bill also restricted the right of originating departments to limit access to records deposited in the National Archives: access provisions were to be the same as under the Official Information Act. Under the 1957 Archives Act, a depositor could negotiate with the National Archives for an embargo on access to records. This deposit agreement could over-ride Official Information Act access provisions.

The Public Archives and Records Bill also changed the relationship between the Secretary of Internal Affairs and the Chief Archivist. In clause 4 it provided for the Chief Archivist to have responsibility for the general administration of the legislation, ‘subject to the general direction of the Secretary …which is not to derogate from any powers specifically conferred on the National Archivist.’\textsuperscript{156} This differed from the 1957 legislation in which the Chief Archivist was given specific powers, but the Secretary of Internal Affairs administered the Act. The 1984 Bill thus represented an improvement of the Chief Archivist’s position, but still placed the Chief Archivist within the Internal Affairs hierarchy. The Bill did not make it clear whether the Chief Archivist had direct access to the Minister of Internal Affairs, and it did not require the National Archives to submit a separate annual report to Parliament. In these respects, the National Archives was still more subordinate than the National Library, which was still located within the Education Department.

The summary of submissions on the 1984 Bill commented that thirteen out of 35 submissions objected to the Chief Archivist

\begin{itemize}
  \item Being subject to ‘… the general direction of the Secretary …’. The respondents consider that the [Chief] Archivist should be accorded the same status as the National Librarian with direct access to a Minister of the Crown, in this case, to the Minister of Internal Affairs.
  \item In conjunction with that view some of the respondents contend that National Archives should be separate from the Department of Internal Affairs and allowed to operate on the same basis as the National Library.\textsuperscript{157}
\end{itemize}

\textsuperscript{156} Public Archives and Records Bill 1984, cl.4. ‘National Archivist’ was to be the new name for the Chief Archivist.

\textsuperscript{157} Public Archives and Records Bill: Analysis of Submissions, cl.4.
An unsigned handwritten note under ‘recommendations’ on the submissions on clause 4 of the Public Archives and Records Bill, comments that

N.A. [National Archives] is too small to prosper other than as part of a larger department. Moreover a separate administration would be less efficient than the present arrangement.\textsuperscript{158}

The Labour opposition criticised a number of aspects of the Bill, including governance issues, but supported it going to the select committee stage.\textsuperscript{159} The Bill had its first reading in Parliament but it lapsed with the calling of the snap election in June 1984.\textsuperscript{160}

There was a change of government following the election. The incoming Labour government had two historians in its ranks, Michael Bassett and Michael Cullen. In opposition Cullen had commented on what he considered flaws in the Public Archives and Records Bill; in government he corresponded with the Minister of Internal Affairs, Peter Tapsell, about the Bill. Tapsell directed officials to work further on the legislation. Submissions were called for and received by 1985. The Parliamentary Counsel Office was directed to redraft the Bill.

Meanwhile, reforms of the state sector in the second half of the 1980s and the early 1990s created additional issues that complicated the new archives legislation. State sector reforms created a range of new institutional designs for public bodies. There were inconsistencies and problems arising out of the application of the 1957 Archives Act to these. For example, Crown Research Institutes, which are state-owned research establishments with a mixture of science and commercial goals, were subject to the Archives Act. Crown Health Enterprises, which were groupings of public hospitals, were not.\textsuperscript{161}

\textsuperscript{158} Public Archives and Records Bill: Analysis of Submissions, cl.4.
\textsuperscript{159} ‘Public Archives and Records Bill Lapses’, Archifacts, September 1984, p. 31.
\textsuperscript{160} The Bill received its first reading in Parliament on 14 June 1984 and was sent to the Local Bills Select Committee. Parliament was dissolved later that night when the Prime Minister, Robert Muldoon, called a snap election.
\textsuperscript{161} Kathryn Patterson, Chief Archivist, letter to Bill Moran, Treasury, 7 February 1995.
But it was the issue of ownership of and access to records of State-Owned Enterprises (SOEs) that added contentiousness to the new regime. It is unclear whether SOEs were covered by the 1957 Archives Act: while the Archives Act covered all government ‘offices’ including corporations, it only covered them if they were ‘instruments[s] of any kind of the legislative or executive or judicial Government of New Zealand’. SOEs were owned by the Crown but were established as commercial companies. The SOE framework created distance between the Government and the SOE. As such, it could be argued that they were not instruments of Government policy. The Solicitor General considered SOEs to be outside the scope of the Archives Act as this probably fitted with the intention of those drafting the State Owned Enterprises Act. Specifically including SOEs (and universities) in new archiving legislation was designed to clear up ambiguity about the definition of the term ‘government office’. SOEs were created out of existing government departments and existing government trading organisations. The Chief Archivist argued that records created by government departments and trading companies before they became SOEs were public records, even if the records created by the SOE (once it was an SOE) were not.

The State Owned Enterprise Act (1986) did, however, subject SOEs to the Official Information Act. This created a situation where the public could request access to all records held by an SOE, even those it created. But records created by the SOE were neither public records (records in current use) nor public archives (records not in current use). When an SOE was sold, records created before its SOE status became public archives, but those created by the SOE during its time as an SOE could be on-sold as part of the company’s intellectual property. On-sold records would typically cease to be subjected to the Official Information Act.

The new archives legislation sought to remedy this situation, extending coverage to SOEs. SOEs objected, fearing public access to records that were commercially sensitive.

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162 Archives Act 1957, s. 2.
163 Kathryn Patterson letter to Bill Moran.
164 Kathryn Patterson letter to Bill Moran.
165 Allan Munro, Department of Internal Affairs lawyer, letter to Brian Elwood, Chief Ombudsman, 7 February 1995.
The SOE form was designed to mimic, as closely as possible, private sector commercial enterprises. As such, SOEs also objected to being the subject of a compliance regime that their private sector counterparts were exempt from. The Chief Archivist reported that

> Officials from the SOE Unit in Treasury … view … making SOEs subject to the proposed New Zealand Archives Bill … potentially in conflict with minimising differences from the private sector and maximising profit.166

The Chief Archivist noted that Treasury’s SOE Unit would be opposing the proposed changes to the archiving regime.167 In addition to the Treasury, individual SOEs opposed the legislation.168 There was also concern expressed by SOEs that being brought into the archiving regime would hamper their sale prospects; prospective buyers would not have ultimate ownership of the intellectual property of their company.169

Furthermore, the 1996 draft archives bill did not distinguish between the records of SOEs that had already been privatised and the records of those that were still in state ownership. The records of SOEs were public records.170 The Crown Companies Monitoring and Advisory Unit, part of the Treasury, wrote that this move contravened legally binding sale and purchase agreements in which ‘the Crown explicitly [provided] clear title to the companies’ assets.’171

The longer the SOEs remained outside the purview of archiving legislation, the more records could be destroyed, suffer from neglect, or be sold. Officials made efforts to progress the new archives legislation. A new draft bill was circulated in 1992. Government agencies were consulted on the draft but there was no available select

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166 Kathryn Patterson, Chief Archivist, letter to Graeme Lee, Minister of Internal Affairs, 17 December 1992.

167 Kathryn Patterson letter to Graeme Lee.


169 E. M. M. Johnson letter to Irene Taylor.

170 1996 Archives Bill, draft dated 14 June 1996, s. 20.

171 Andrew Weeks, Chief Executive of the Crown Companies Monitoring and Advisory Unit, letter to Carol Hazeltine, DIA Policy Unit, 5 December 1996.
In 1996 another draft was circulated; submissions from a range of parties were received and analysed. New archives legislation was on the government’s agenda each year, but at or near the bottom. Although the legislation was considered of low technical difficulty and would only require a total of fifteen and a half hours before Parliament and a Select Committee, it faced two problems. First, the new Archives Bill now had opposition from the powerful Treasury and from individual SOEs, who objected to archival values that clashed with public management reform. The National Archives did not have strong champions in Ministers of Internal Affairs Graeme Lee (1990-1993) and Warren Cooper (1993-1996) to counter this opposition. Second, archives as a policy area again suffered from being a low priority when compared to the rest of the government’s agenda. The 1990-1996 National government was in reform mode, with a busy legislative programme. The government gave priority to legislation that improved its fiscal position, that created new employment, or that promoted other government policies. The new archives bill did not fit into any of these categories. There were also delays with changes to the drafts as the Parliamentary Counsel Office gave priority to other, more pressing legislation.

Hampered by under-resourcing, low public sector status for the Chief Archivist and the division of responsibility for records management with the uninterested State Services Commission, New Zealand’s national archive had not been successful in propagating archival values throughout the state sector. Provenance and original order were undermined with the removal of select Nash papers from their context. Despite improving staffing levels during the 1980s, the National Archives was unable to gain acceptance of its record-keeping and archiving values in the public sector. Responsibility for public sector record-keeping continued to be split with the State Services Commission.

174 Archives New Zealand, Request for a Bill to be Included in the 1993 Legislative Programme: New Zealand Archives Bill, p. 5.
176 Allan Munro, Department of Internal Affairs legal unit, message to Michael Hodder, National Archives, 19 April 1993.
Commission, despite the agency ceasing to train public servants in records management in 1978. The state sector reforms of the late 1980s and early 1990s removed the Commission’s mandate for promoting uniform standards. The unauthorised destructions of records by agencies continued.

Correspondence by some state agencies in the 1990s revealed that misunderstanding about archival value was still present in the state sector. The Airways Corporation (AirCorp), a government-owned business, also argued that records of operational matters did not warrant preservation:

The records of the Corporation … have no inherent or historical or cultural value … these records are of no special interest to the general public and we can see little merit in requiring them to be kept for an indefinite period.\(^\text{177}\)

New Zealand archivists talked amongst themselves about their value:

… control of the archive is a key to political power. Hence the archivist/recordkeeper, the keeper of the public record, must be regarded as one of the fundamental protectors of democracy. That is the critical reason why strong public recordkeeping is imperative; and also why unauthorised destructions of public records by officials, however senior, however distinguished, cannot be permitted to pass relatively unremarked.\(^\text{178}\)

In the mid-1990s the National Archives was still governed by the 1957 Archives Act, was still part of the Department of Internal Affairs and the issues raised by the Nash affair were unaddressed. Some resourcing issues, such as accommodation, had been dealt with. Staffing levels and training had improved. But huge backlogs of work remained, and the Archives faced falling budgets. As identified by Allan Hight in 1978, the National Archives continued to be a Cinderella organisation. Despite improvements, it continued to fare worse, for example, than the National Library in terms of profile and resources.

\(^{177}\) Kathryn Patterson, Chief Archivist, letter to James Templeton, Treasury, 13 November 1992. Patterson quotes from a written comment by AirCorp.

Conclusion

New Zealand archivists were aware of the greatness and importance of their task. The reforms that they lobbied for were consistent with international archival guidelines. Despite this, archivists in New Zealand failed to gain widespread awareness or acceptance of their values. The National Archives faced a series of restructuring proposals from 1994 onwards, which are the subject of subsequent chapters. These restructuring proposals pitted the under-resourced and unappreciated Archives against strong central agencies and a tide of NPM reform.

Chapters 2, 3 and 4 have provided the context for the ensuing case study chapters. They have documented the values of the reformers and the archivists, and set the scene for the events of 1994 – 1999. Managerialism, charismatic change leadership and strands of new institutional economics all feature in the reform proposals the Archives faced. Meanwhile, the archivists and their supporters continued to defend their ideal machinery of government options using arguments centred on democratic accountability and the status of the Chief Archivist.

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179 *McDermott Miller Report*, ‘Organisational Culture’, ss. 4.10.3 and 4.10.4, p. 64.
Chapter 5: Culture Clash

I doubt Archives are a natural monopoly. There may be some economies of scale but these would need to be queried. I also doubt that deregulation in the Archive area would be any more difficult to achieve than the deregulation successfully managed in other areas of the state and private sectors.¹

This chapter is the first of three case study chapters in which public management reforms and the policy area of archives interact. Each chapter covers a difference phase of reform and a different source of reform proposals. The clashes between the archivists and the public management reformers demonstrate the incompatibility of their values as detailed in Chapters 2 and 3.

To New Zealand’s reformers of the 1980s and 1990s, there were no ‘sacred cows’. Every aspect of the economy and government was open to challenge. As with other state agencies, the National Archives faced changes as a result of the State Sector Act (1988) and the Public Finance Act (1989). Its appropriations were determined by purchase agreements negotiated between the Department of Internal Affairs and the Minister of Internal Affairs. Its assets were valued for the government’s accounts, even though their market value was not to be tested. According to public choice theory the key problem facing the public sector was its over-production as a result of lack of competition and the absence of market signals. The solution was to promote the efficient allocation of resources by introducing competition wherever possible and by making agencies conform to private sector pricing and accounting policies. Capital charging was introduced. A fee was to be paid by agencies to the government, based on the value of their capital assets (but not other assets). It was introduced in the New Zealand state sector with the aim of making transparent the full cost of providing publicly-funded goods and services, and in

¹ Unnamed member of the Steering Group commenting on the draft McDermott Miller report, to Gareth Chaplin, State Services Commission, 3 November 1994.
doing so to improve the allocation of resources and bring public sector agencies into line with their private sector counterparts.\textsuperscript{2} The Archives, like all other public organisations, was required to pay a capital charge. It was also required to increase revenue by charging users for some services.

The reformers of the 1980s and 1990s had solutions and went looking for problems to attach them to.\textsuperscript{3} They did not examine policy areas from the perspective of the policy concerned. Rather, the logic of neo-liberalism, managerialism and new institutional economics was applied as a panacea, irrespective of the policy area or its problems. The Archives, like other agencies, faced budget cuts, which were designed to increase efficiency and lessen the government’s involvement in the economy. For the historically under-funded Archives this resulted in increased backlogs of work. User-charges for the Archives meant charging agencies for appraisals. It also meant charging government agencies when they borrowed records they had previously deposited with the Archives. The user-charges regime fitted with the spread of commercial values into the public sector, and the concept of allocative efficiency. But these costs were a disincentive for agencies to deposit their records with the Archives, leaving records in danger of neglect or illegal destruction.\textsuperscript{4} In these and other cases, the logic of the reforms clashed with the specific needs of the policy area.

As a small agency with a low profile, the Archives escaped specific attention from reformers until 1994. That year marked the beginning of six years of policy battles over machinery of government issues involving the National Archives: which particular institutional form best suited the National Archives, and where, in the wider public sector, should the Archives be located?


\textsuperscript{3} John W. Kingdon, \textit{Agendas, Alternatives and Public Policies}, second edition, New York, Longman, 1995. A number of policy process scholars, including Kingdon, assert that the ‘rational’ model of policy change whereby a problem is identified and solutions are then canvassed and weighed up, is not how policy change really happens. In many cases, problems and solutions co-exist independently of each other; solutions do not follow problems sequentially. Policy change occurs when problems, solutions, key people and politics come together during a window of opportunity (which might be triggered by a range of factors).

Chapter 5: Culture Clash

The National Archives faced three waves of reform proposals. The first was a review of the Archives undertaken by consultants McDermott Miller in 1994. The reviewers applied what they termed the ‘principles of public sector reform’ (managerialism and new institutional economics) to the National Archives, and found the Archives, and its umbrella body the Department of Internal Affairs, lacking. The Department and the Archives were criticised for allowing professional values to drive management practices. It was thought by the reviewers that the mix of functions performed by the Chief Archivist and the National Archives resulted in a lack of clarity in the core business, and to conflicts of interest. The Chief Archivist and the National Archives performed a range of functions: they were regulator, policy advisor, competitor (in the appraisal and records storage markets), and provider of archives services. The McDermott Miller review, which argued that these functions needed separating out, is the focus of the current chapter.

The second wave of reform came from the Department of Internal Affairs itself. As a conglomerate department, Internal Affairs had long been subject to scrutiny over its composition and existence. In the late 1980s and the 1990s, the Department was additionally vulnerable to major structural change because of the trend for restructuring government agencies. It was subject to about twenty external reviews between 1990 and 1994. The Chief Executive during this time, Perry Cameron, was of the opinion that most of the reviews were aimed at carving off its functions. Following the appointment of Roger Blakeley as Chief Executive in 1995, the Department began a campaign to protect itself by bringing it into line with the public sector management fashions of the time. Blakeley’s vision was to take the Department from ‘the “fag end” of government to become the “flagship” by the end of [1997].’ The National Archives had been an independent business unit within the Department of Internal Affairs since the Internal Affairs

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7 Michael Bassett, p. 265.
Affairs review of 1989. Chief Executives Peter Boag (1986-1990) and Perry Cameron (1990-1994) had operated Internal Affairs on a decentralised basis, and given National Archives considerable operational independence. As part of Blakeley’s initiatives, however, Internal Affairs sought to reassert control over the National Archives. The archiving stakeholders resisted Internal Affairs and a series of legal actions challenging the restructuring eventuated.

The archiving stakeholders used provisions in the 1957 Archives Act to challenge Internal Affairs’ restructuring plans. That Act was increasingly out of step with the new public sector management ethos. While new archives bills continued to be drafted and circulated between 1992 and 1999, they were not high enough on the political agenda to be enacted. As a consequence, the Archives continued to be governed by a piece of legislation that made reform difficult. The disjunction between the old values and the new provided the mechanism for the archiving community’s resistance to the proposed reforms. Internal Affairs’ reform proposals for the National Archives and the legal challenges made to these, are the subject of Chapter 6.

The third wave of reforms that the National Archives faced in the 1994-1999 period involved attempts to consolidate the highly fragmented culture and heritage sector. The state of this sector at the end of the 1990s matched Bouckaert’s observation that excessive fragmentation led to ‘disconnected policy capacity … [that] lacked critical mass’. Looking for that critical mass, agencies promoting the consolidation classified the Archives, and the National Library, as culture and heritage agencies. This wave of reforms, and the reforms that finally saw the Archives removed from the policy change agenda, are the subject of Chapter 7.

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Chapter 5: Culture Clash

National Archives: Independent Review by McDermott Miller Ltd

Reviews of government agencies were routine in the 1990s. In March 1994 a strategic assessment of the National Library by the New Zealand Treasury recommended that synergies between the Library and the National Archives be explored. In that review, Treasury speculated that

There may be potential advantages of merging National Library and National Archives. These are:

- greater strength and focus of the respective organisations on different dimensions of New Zealand heritage, (National Library collects private material and National Archives public records);
- pooling of conservation expertise and resources;
- efficiencies if any in capacity in specific common processes, e.g., acquisitions, cataloguing;
- shared costs in computer or database development.\(^\text{11}\)

The Treasury and the Department of Internal Affairs then commissioned a review of structural options for the National Archives. This review was to include a cost-benefit analysis of the proposed National Library-National Archives merger.\(^\text{12}\)

The review of structural options for the Archives was put to tender. The tender was won by a private sector consultancy firm, McDermott Miller. McDermott Miller said they specialised in ‘strategic planning and management, development planning, resource management and marketing planning,’ in both the private and public sectors.\(^\text{13}\) They had previously reviewed the Department of Internal Affairs’ Link Centres and the Fire Service, which was also under the Internal Affairs umbrella. No member of the review team had a background in archives.\(^\text{14}\) But in the mid-1990s, lack of specialised knowledge about an area under review was not considered problematic, as management

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\(^{12}\) Michael van Gelden, Treasury, telephone conversation with author in response to *Official Information Act 1982* request, 5 August 2003. Van Gelden confirmed that the McDermott Miller review of the National Archives was the only cost-benefit analysis done of such a merger.

\(^{13}\) McDermott Miller Ltd., ‘Who Are McDermott Miller Limited?’, [no date], retrieved from: [www.mcdermottmiller.co.nz/mainmenu.htm](http://www.mcdermottmiller.co.nz/mainmenu.htm)

expertise was believed to be a transferable skill. Furthermore, an absence of specific policy knowledge suggested independence from interest group influence, enabling a more ‘neutral’ report.

The review process was overseen by an Officials Steering Committee. It was composed of two senior public servants from the Treasury, one from the State Services Commission (SSC), and one representative from the National Library. Part way through the review, the SSC representative moved to work at the Treasury. The Chief Archivist, Kathryn Patterson, was also on the Steering Committee, her voice a lone one of archiving expertise on a Committee of five members. Like the reviewers, the Steering Committee members were largely ignorant of archiving matters. As with the Acton review into records management, archivists had to battle for understanding of their values with both the reviewers and the steering committee, and with terms of reference that assumed more similarities between archives and libraries than actually existed. A comparison between the National Archives and the National Library is discussed later in this chapter.

The terms of reference for the review of the National Archives stated two review objectives, those of ‘optimising National Archives’ contribution to the Government’s strategic objectives’ and ‘ensuring the most cost effective organisational structures for National Archives in achieving the strategic objectives (including its statutory obligations).’

Both review objectives referred to ‘strategic objectives’. In 1993 the National government began a process to integrate the work of government ministers and agencies, focussing their work towards the achievement of the government’s strategic priorities to ‘link political vision with government policies and operations.’ These strategic objectives were designed to bring together the work of Ministers and departmental CEOs.

This need for greater co-ordination was in part a response to the problems caused by disaggregation in the public sector.  

The terms of reference listed the structural options to be considered by the reviewers, but pointed out that the review was not limited to these:

- the status quo, with National Archives remaining as a stand-alone business within the Department of Internal Affairs;
- National Archives being established as a Crown entity;
- National Archives and National Library remaining as they are, but with some synergies developed between the two organisations;
- merger between national [sic] Archives and National Library.\(^\text{18}\)

The terms of reference suggested the range of issues the review should consider:

- government’s purchase and ownership interest in National Archives and its linkage to the Government’s strategic objectives;
- likely directions for development in the nature of outputs, structures and systems (e.g. information technology) in National Archives and synergies with the National Library;
- overseas models and experience;
- the needs and concerns of user groups and interested parties;
- similarities and differences between archives and libraries.\(^\text{19}\)

The terms of reference also directed the review to report on changes to the management of the Archives, which were ‘likely to improve the cost effectiveness of the delivery of its current outputs and future options.’\(^\text{20}\)

Reviewers’ values shape the way they define problems, and the solutions they are prepared to countenance. In 1978 Wilfred Smith was contracted by the Archives and Records Association of New Zealand (ARANZ) to examine aspects of archiving in New Zealand. As an archivist, Smith had an understanding of professional archiving values. These values framed his analysis and conclusions. McDermott Miller were employed by

\(^{17}\) See Chapter 2, this thesis.  
the New Zealand Treasury and the Department of Internal Affairs, and reported to a steering committee whose membership consisted of only one archivist. The terms of reference stated that the recommended structure must take into account the Archives’ statutory obligations and the needs of users.\textsuperscript{21} Apart from these, however, the interests of the wider government were stressed: the government’s strategic objectives, the government’s purchase interests, the government’s ownership interest. A key objective of the review was to recommend an organisational structure for the Archives that contributed to the government’s strategic objectives – not an organisational structure that contributed to the objectives of the Archives.

Reviewers on contract, such as McDermott Miller, had to deliver reports that fitted with the values of their employer. If they did not, their reports would not be acted on, and the firm would face difficulty obtaining further work. From this perspective McDermott Miller made a strategic mistake in 2000 when it reviewed New Zealand’s cultural sector. That report, *Heart of the Nation*, recommended major changes to the arts and culture bureaucracy. While radical restructuring and a desire to break-up entrenched bureaucratic interests was in vogue with the governments of the 1990s, the new Labour-Alliance government elected in 1999 wished to end constant restructuring. *Heart of the Nation* was shelved and its recommendations were not acted on.\textsuperscript{22}

In the case of the Archives, the reviewers based their analysis on what they said was ‘a consistent set of principles [that] has been applied to public sector reform in New Zealand over the past ten years.’\textsuperscript{23} These included:

- clarification of Government’s ownership interest and purchase interest.
- an appropriation process based on a service contract through which Government purchases outputs which will achieve its outcomes;

\textsuperscript{21} *McDermott Miller Report*, Annex 1, paras. 2 and 3, p. 1.


\textsuperscript{23} *McDermott Miller Report*, ‘Application of Reform Principles’, p. 3.
• the need to ensure a high degree of transparency between the Government’s objectives and the means it adopts to achieve them;
• the need for contestability in policy advice and service delivery;
• the separation of policy advice and service delivery functions;
• clarity of mission statements and objectives;
• optimal accounting for financial and service performance;
• efficiency and effectiveness in all aspects of resource management;
• managers should have the freedom to manage in the context of devolved authority and flat management structures;
• government agencies should develop customers goals and orientation;
• flexible public sector labour markets should be established.\(^{24}\)

Despite being instructed to look to best practice overseas,\(^{25}\) the reviewers paid little attention to international models for national archives. They briefly sketched overseas experience but they did not attempt to apply these experiences to New Zealand, and did not say why the overseas models were unsuitable for New Zealand. Their only explanation was: ‘the pressure for change in New Zealand stems more from a need for the application of public sector reform principles.’\(^{26}\)

The Chief Archivist during the review, Kathryn Patterson, wrote that ‘[t]he view that Richard Miller had made up his mind before commencing the review has been commonly stated.’\(^{27}\) This was certainly her view, and it is undeniable that the recommendations the reviewers made for the National Archives were very similar to recommendations they made for the Fire Service the year before.\(^{28}\) Consonant with administrative cloning, the suspicion has to be that the reviewers had a template that they forced all public sector organisations to fit, regardless of how ill that fit was.

The reviewers’ analysis was driven by application of the principles of public sector management reform. Public choice theory and notions of ‘capture’ explained the rejection of the professional values of the archivists as framing principles for the review.

\(^{24}\) *McDermott Miller Report*, p. 3.
\(^{26}\) *McDermott Miller Report*, ‘Conclusion: Pressure for Change’, s.2.6.1, p. 16.
\(^{27}\) Kathryn Patterson, Chief Archivist, letter to unspecified recipient, ‘National Archives Review – Concerns’, 27 October 1994, p. 2.
‘Capture’ flows from the central tenet of public choice theory that people are self-interested utility-maximisers. Minimising capture became a core feature of New Zealand’s public sector management revolution of the 1980s and 1990s.29 Self-interested behaviour by individuals operating in the marketplace is viewed by neo-liberals as positive; the aggregation of their individual choices leads to efficiency and utility maximisation. In contrast, bureaucrats and politicians are not subject to the market discipline of supply, demand and price signals. Their self-interested behaviour leads not to efficiency, but to distortions and inefficiency.30 Without the market to regulate them, other controls are necessary.

In neo-liberal understanding, ‘capture’ was a pejorative term. It was applied to any group who allegedly managed to control or dominate an area of resources for their own benefit. ‘Professional capture’ was when a professional group controlled entry into its own profession, limited that entry and then charged ‘monopoly rent’ (prices over and above what would be expected in a competitive market) for their services. Given the primacy of efficiency as a value, professional capture is negative because it limits competition and raises prices. Professionals focus on protecting their interests, not on serving their clients. The concept of professional capture was applied by New Zealand governments in the late 1980s and the 1990s to professional groups and industries that were not part of the state and many of them, for example the taxi industry, faced deregulation. Professional capture was also alleged in government agencies, where policy-makers were part of the professional group they were making policy on; for example, former doctors who were working in the health bureaucracy. It was assumed that their policy advice was restricted to promoting or protecting the professionals’ interests, not what was most efficient or effective for the wider public and the taxpayer.31 ‘Provider capture’ referred to the capture of state funding by professionals or bureaucrats. That funding was used to improve the incomes or conditions of the professionals or bureaucrats, rather than services to the public. An example would be an increase in the state-funded subsidy to

30 Boston et al., p. 18.
general practitioners (non-specialist doctors). Provider capture happened when the extra money was used to increase the incomes of doctors instead of making healthcare more affordable for patients. ‘Producer capture’ refers to the ‘capture’ of policy by groups who also provide services; therefore, they give policy advice designed to protect the service they provide.\(^{32}\) The minimisation of producer capture was a key rationale for functional separations and contestability.

The consequence of labelling a group’s views as subject to capture was that their views could be dismissed because they were not neutral and were not concerned with the overall public good. The people best placed to give advice because of their expertise were discounted because their advice was considered self-serving.\(^{33}\)

Not surprisingly then, McDermott Miller were keen to stress the ‘independence’ of their review. Chief Archivist Kathryn Patterson wrote that

> The review team took the approach of ‘distancing’ themselves from National Archives in order to try to define the business. Overseas literature was consulted to assist with this approach but no attempt appeared to be made to ensure this material was relevant to the situation under review. Indeed perspectives applying to quite different circumstances have been extracted from articles to support the argument put forward: operating arrangements for other countries’ National Archives appear to have received little consideration.\(^{34}\)

The report contained an outline of the role of archives. It stated that while the National Archives had a heritage role, its primary role was ‘to be the “memory of government and keeper of the public record”’.\(^{35}\) In their section on the Government’s purchase interest, the reviewers said:

> The services purchased from National Archives by government with respect to central government records contribute to the quasi-constitutional outcomes associated with the work of a public record office. These include:

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\(^{33}\) devine, pp. 63-4.

\(^{34}\) kathryn patterson, chief archivist, letter to unspecified recipient, 27 October 1994.

• Ensuring government accountability in terms of past decisions.
• Promoting and preserving individual rights through guaranteeing access to information regarding legal decisions and government policies affecting members of the community.
• Contributing to government efficiency and productivity through ensuring that information relevant to the functions of government is preserved and made available for decision making purposes.
• Preserving national heritage.  

The reviewers accepted that the Archives’ accountability role provided it with ‘quasi-constitutional’ status. As a consequence, they stated that it was appropriate for the Archives to be publicly owned. They also concluded that the storage of records should be performed by a monopoly, as records were unique documents. Competition in storage would not work, because ‘it is not possible to envisage two providers storing identical documents and competing on the grounds of the best access to the public.’ The ‘co-location’ of records from a variety of agencies made public access easier. Storage in a central location decreased the record storage costs faced by agencies and decreased the chances that records would be, ‘destroyed as a consequence of short-term pragmatic, logistical or financial considerations.’

The review process began with a series of workshops that involved senior librarians and archivists working through possible synergies between the National Library and the National Archives and the merger option. The reviewers rejected the merger option. They stated that the two organisations were very different bodies, performing different tasks.

The National Library of New Zealand was formed 1945 from a merger between the Country Library Service and the School Library Service. When the education sector was restructured in 1988, the National Library was removed from the Department of Education and became an independent government department. As a stand-alone department, the National Library had to comply with certain reporting requirements and

conform to accountability regimes such as those laid down in part four of the Public Finance Act (1989).39 The Chief Executive’s performance was assessed against a negotiated performance agreement. The Library also had to align its activities with the government’s Strategic Result Areas and Key Result Areas. Corporate plans and strategic plans were released, for example the 1994 Strategic Directions: Linking the Peoples of New Zealand with Information.40 Typically of state sector organisations in the early 1990s, the National Library faced funding cuts. As a consequence it had to look at ways of being more efficient.41 Efficiency concerns contributed to the focus on strategic planning, of looking at ways to achieve goals with less funding.

As part of the Department of Internal Affairs, the National Archives did not have its own stand-alone reporting capacity. Under-funded, its resources were used to meet operational rather than managerial requirements. As a result, the Archives went into the review process at a disadvantage compared to the Library, which had at their fingertips more information of the sort the reviewers wanted. The reviewers complained about the poor quality of information provided to them:

> It is worth noting at this point, that a major hindrance to the Review Team in assessing the organisational effectiveness of National Archives was the lack of adequate management information and the apparent difficulty of both National Archives and Internal Affairs personnel to disclose what data was available. The Review Team was left with the task of constructing, from inadequate or incomplete data series provided in the last days of the review, basic management information regarding performance and client services.42

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39 Section 4 of the Public Finance Act 1989 specifies reporting requirements for departments, including the reporting of financial performance.
41 For example, National Library had a 14.3% cut in government funding between 1991/92 and 1993/94 from $110.499m to $94.736m. Source: National Library of New Zealand, Corporate Plan, Wellington, National Library of New Zealand, 1992/93, p.16; and National Library of New Zealand, Corporate Plan, Wellington, National Library of New Zealand, 1993/94, p.24. In the 1991/92 Corporate Plan, the Chief Executive of National Library reports at p. 3: ‘Like the rest of the state sector, the National Library is facing significant changes. We are working in an environment of reducing budgets and clear directions from Government to reduce public sector activity.’
The reviewers were largely complimentary of the National Library. They described the Library as having ‘a clear strategic vision’ and a ‘strong … management team’. Table 5.6 from the McDermott Miller Report, for example, listed the weakness of the National Archives against the strengths of the National Library:

<table>
<thead>
<tr>
<th>National Archives Weaknesses</th>
<th>National Library Strengths</th>
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<tbody>
<tr>
<td>Logistics of collection access</td>
<td>Upgraded access to collections and networks</td>
</tr>
<tr>
<td>Lack of uniformity of data standards</td>
<td>Internationally accepted data standards</td>
</tr>
<tr>
<td>Complacency</td>
<td>Strong motivating visions and competitive edge</td>
</tr>
<tr>
<td>Lack of management autonomy</td>
<td>Management autonomy and mandate</td>
</tr>
<tr>
<td>Undeveloped strategic sense</td>
<td>Strong strategic orientation</td>
</tr>
</tbody>
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The strengths of the Archives and the weaknesses of the Library were not reported. The cost-benefit analysis was framed by positive comments about the National Library’s management and negative comments about the National Archives. The report assumed that the Library would be giving to the Archive, and in return for their management expertise the Library would be rewarded with an asset of great value: ‘… the collections

\[43\] McDermott Miller Report, s.5.11.6, p. 86.
\[44\] McDermott Miller Report, p. 85.
of National Archives represent an information resource of considerable potential value to National Library.\textsuperscript{45}

However, the reviewers did accept fundamental differences in the role, purpose and work of archives and libraries, writing that, ‘[t]he statutory regulatory role of National Archives would not be easily reconciled in terms of management culture and organisation orientation, with the user-based, customer-focused perspectives of National Library.’\textsuperscript{46}

As a result the report did not support the claims of greater efficiencies of the type listed in the March 1994 Treasury review of the National Library. The reviewers suggested that both organisations would benefit from working more closely together on issues they had in common, but a merger was not required to attain these benefits.\textsuperscript{47}

Once the merger option was dismissed, the reviewers set about analysing the performance of the National Archives and the Department of Internal Affairs against criteria that matched their ‘principles of public sector reform’.\textsuperscript{48}

The reviewers discussed the ‘risk’ that the Archives posed to the Government. In common usage risk is used to imply the possibility of problems; in new public management the term had a more neutral, technical meaning: issues that needed managing. The risks governments faced were tied to their purchase and ownership interests. ‘Purchase interest’ refers to the services the government purchases with its funding. Obviously, the government expects value for money, and the delivery of the outputs specified in their Purchase Agreements. ‘Ownership interest’ refers to the protection of the government’s assets.\textsuperscript{49} Are assets being managed in a way that protects, or runs down, the long-term value of those assets?

\textsuperscript{45} \textit{McDermott Miller Report}, ‘Option 2: Merger with National Library’, s.5.11.5, p. 85.
\textsuperscript{46} \textit{McDermott Miller Report}, ‘Option 2: Merger with National Library’, s.5.11.8, p. 87. See Table 5.4, p. 84, for a breakdown of the professional values, organisational culture and core business differences between the two organisations.
\textsuperscript{47} \textit{McDermott Miller Report}, ‘Option 2: Merger with National Library’, s.5.11.8, p. 86.
\textsuperscript{48} \textit{McDermott Miller Report}, ‘Application of Reform Principles’, p. 3.
\textsuperscript{49} See Scott, p. 17 for his explanation of the difference between purchase and ownership interests.
The reviewers identified the continual growth of the Archives’ holdings as a ‘risk’ to government, because this growth would require increases in staff and capital investment:

The government is exposed to considerable risk in relation to the operating and capital costs associated with the future storage, preservation and retrieval of public records. This is exacerbated by poor financial management and planning within National Archives and limited forecasting abilities.\(^{50}\)

The reviewers said that the government faced risks because of the Archives’ monopoly status:

As a regulatory monopoly, National Archives also fulfils a *de facto* role as adviser to government on archive policy although it is not explicit in the Archives Act. The Review Team considers that an unacceptably high level of risk is involved in this situation in which a monopoly provider of services also exercises a policy function which is not contestable.\(^{51}\)

The reviewers identified conflicts of interest relating to multiple functions performed by the Archives and the absence of outside influence and checks on it:

- **Contestability of appraisal vs monopoly of acceptance.** The appraisal of government records is a service which National Archives offers in competition with private companies. However, under the Archives Act (1957), the Chief Archivist has sole authority to determine those records which will be disposed of and those which will be retained. This constitutes a *de facto* right to evaluate and reject private appraisals. In this situation, client departments have identified ‘…a conflict of interest’.\(^{52}\)

- **National policy role vs purchaser vs provider role.** As the only publicly owned national archival institution, National Archives have taken on a *de facto* role in such matters as standard setting, technical advice and the provision of training opportunities for the profession. The principles of public sector reform would suggest that the standard setting function should reside with the purchaser; that the nature of training and technical advisory services provided should depend on purchase decisions made independently of National Archives as provider; and that, where appropriate, the provision of such services would be determined on a contestable basis.\(^{53}\)


\(^{52}\) *McDermott Miller Report*, ‘Conclusions: Neglect of Policy and Purchase Role; Dominance of Provider Perspectives’, s.4.3.5, p. 44. Bold in original.

\(^{53}\) *McDermott Miller Report*, ‘Neglect of Policy and Purchase Role’, s.4.3.6, p. 45. Bold in original.
They went on to conclude that without independent policy advice and strong purchase and monitoring by an outside body, ‘archives policy and practice remains provider-driven, and accountable to internal standards rather than objectively determined output and outcome criteria.’

A major problem identified by the reviewers was the relationship between the Department of Internal Affairs and the National Archives. The reviewers described the ‘correct’ relationship between the Department and the Archives as a purchaser-provider relationship. According to this ideal, the Department would protect the government’s purchase interest by purchasing archival services and negotiating with the National Archives about the provision of these services. The Department would set standards and would monitor the performance of the Archives. It would hold them accountable ‘for delivering a specific range of measurable outputs which contribute in tangible ways to the government’s outcomes.’ The reviewers damned Internal Affairs for failing to conform to this ideal. They described the management climate as ‘permissive’.

There is no evidence to suggest that the Department of Internal Affairs has fulfilled, or has the independent capacity to fulfil, the monitoring, assessment and advisory roles in relation to archives and archives policy which are necessary to ensure that the government’s purchase interest is clarified and focussed and its ownership interest is protected .... The Department of Internal Affairs operates only nominally as the government’s agent for the purchase of archival services. Their relationship with National Archives is much more akin to that of a government department resourcing a core operating division whose outputs are reconciled within the framework of its own objectives and priorities.

The reviewers estimated that the Director and Chief Archivist, two assistant directors and the administrative manager, spent approximately fifteen to twenty percent of their time on Internal Affairs corporate business. This Internal Affairs business was ‘more closely aligned with larger business group concerns’ than with business of direct relevance to the Archives.

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54 McDermott Miller Report, ‘Neglect of Policy and Purchase Role’, s.4.3.6, p. 45.
55 McDermott Miller Report, ‘Department Management Issues’, s.4.3.1, p. 43.
57 McDermott Miller Report, ‘Department Management Issues’, s.4.3.6, p.45, and s.4.3.2, p. 43.
58 McDermott Miller Report, ‘Other DIA/National Library Comparisons’, s.5.4.2, and s.5.4.3, p. 76.
In keeping with public choice theory, the management of risk required policy advice that was not provider-driven, that is, advice that was tailored to meeting the government and users’ interests, not the professionals’. The reviewers accused the professionals of provider capture:

It is apparent from our investigations that archivists are a proud profession. They construe their activities altruistically as the cornerstones of Western democracy: the enforcement of government accountability, the protection of the rights of the individual, and the preservation of heritage. Over time, the force of such arguments has persuaded governments to assign them by law a mandatory monopoly power. In New Zealand, National Archives and its professional support groups are now seeking to increase this power. Archivists also exhibit an intense commitment to their professional practices, a deep understanding of whose principles is deemed to be a prerequisite of acceptable criticism or commentary of their work and achievements. They consider themselves much misunderstood. While this characterisation of the archivist may seem somewhat overdrawn, we encountered all of these attitudes repeatedly in the course of our investigations.

The reviewers said the archiving professionals worked in a ‘protected environment’, were ‘preoccupied with provider driven issues’ and were resistant to change. In the context of the report, being a proud profession was a criticism, because it stopped the archivists from seeing how poorly managed they were, from accepting modern public sector management principles, and from being more responsive to the needs of users.

The reviewers disputed the archivists’ claims that they provided a quality service that was appreciated by their clients. They were critical of the way the Archives constructed its own user satisfaction surveys because key areas of dissatisfaction were not included as ‘key issues’ requiring a 90 per cent approval rating. The reviewers interviewed a small group of the Archives’ users whose names had been provided by the Chief Archivist. Because of time constraints only half those on the original list were interviewed; this included a total of seven ‘departmental clients’ together with representatives from various other users, such as a single self-employed records management consultant, two

60 McDermott Miller Report, ‘Organisational Culture’, s.4.10.3 and s.4.10.4, p. 64.
62 McDermott Miller Report, ‘Organisational Culture’, s.4.10.4, p. 64.
historians and a representative from the Waitangi Tribunal. A survey of a wider group of users was not carried out, so the representativeness of their opinions was not tested. In the main body of the report the reviewers reproduced sixteen individual comments from their interviews to back up claims that the Archives needed to focus its attention more on user concerns and less on professional ones. Further extracts from interviews were included in an appendix. The reviewers said that their interviews provided evidence that users were unhappy with all aspects of the Archives’ services – the cost, quality and nature of the services offered.

The reviewers were highly critical of the management culture at the National Archives, where management was viewed as supporting the work of the professionals, not the interests of the government. They complained that

It appears, like many other aspects of National Archives’ management, that planning is undertaken on an informal and collegial basis by the management team, the Chief Archivist and business unit heads, rather than through a formal corporate process.

To those steeped in agency theory, such as McDermott Miller, allegations of collegiality were a criticism. It suggested insufficient vigilance by management, thereby increasing the likelihood that self-interest by professionals would dominate decisions. The Archives was also criticised for conforming to the ‘form rather than the spirit’ of the Public Finance Act. The reviewers describe the Archives’ management culture thus:

Corporate planning appears to be seen as a game which has to be played by the rules, but which essentially is irrelevant to the “real business” of providing professional archival services. In consequence, like many public agencies, National Archives has adopted output objectives and performance measures which quantify the volume rather than the value of services produced. Targets are

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64 *McDermott Miller Report*, ‘Interview and User Concerns’, Annex III.
65 *McDermott Miller Report*, ‘Organisational Culture’, s.4.10.5, p. 64.
67 *McDermott Miller Report*, ‘Business Planning’, s.4.7.5, p. 57. As Brian Easton observed, the reviewers did not define what complying with the ‘spirit’ of the Act entailed, nor how this could be observed or legally enforced. Brian Easton to Kathryn Patterson, Chief Archivist, ‘National Archives: Independent Review – Commentary on Draft Report’, 2 November 1994, p. 17.
set at an easily accomplished level and are not used to raise the performance of the organisation. Once set, targets are little revised from year to year.

The reviewers raised the issue of targets and performance measurement. Measuring the performance of the Archives was problematic for several reasons. The Archives had little control over the flow of appraisals and deposits. Individual contributing agencies determined these. The increased pace of public sector restructuring also contributed to the flow of records needing the attention of archivists, putting the Archives under increased pressure. In addition, the amount of work required for each appraisal differed; poor filing by the originating agency or the presence of sensitive material slowed the appraisal process down. The reviewers described this work pattern as ‘lumpy’ and recommended more thorough forecasting of work patterns. They suggested that the National Archives prepare forecasts of expected appraisals and transfers for five year periods, based on near-comprehensive surveys of public agencies. The report acknowledged that these forecasts would not be precise and therefore risk analysis should be used as a tool to help with forecasting. This involved

…simulation with probability distributions associated with most of the variables. In this case, these variables would involve the timing of the transfer from each client, plus perhaps the amount of the transfers, if that is not certain. By running a model many times, a probability distribution for transfers in each year could be derived, the mean of which will give the ‘most likely’ track.

The report noted that the National Archives’ management recognised the need for such forecasting but did not give it a high priority. Such forecasting would be resource intensive, but, claimed the reviewers, ‘is fundamental to effective, forward capital and human resource planning.’ Transferring agencies, however, could not be held to the forecasts.

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69 McDermott Miller Report, ‘Forecasting Growth and Planning’, s.4.8.5 and s.4.8.6 for information generally and s.4.8.6 for quote, p. 59.
70 McDermott Miller Report, ‘Conclusions: Forecasting Growth’, s.4.8.8, p. 60.
The reviewers observed amongst New Zealand archivists ‘a degree of intellectual questioning about internal process’, and that ‘practice appears to be current.’ They concluded, however,

…that proposals for major change are unlikely to be fostered within the archives profession itself. Where such pressure for change exists, it is more likely to be sourced to external technological developments (such as electronic information systems development) or public policy considerations.\(^{71}\)

The review identified problems that reflected management fashions of the day: professionals who were not in touch with the needs and concerns of users, a lack of adherence to contemporary management standards and practices, and poor management of the government’s ‘risk’. The solution offered was radical structural change. The structural changes were designed to solve the problems identified by the reviewers, not the problems identified by the archiving community.

The reviewers recommended that the Archives became a Crown entity. They said this would enable the Archives to focus on organisation-specific objectives, instead of fitting in with the vision of a conglomerate department the Archives had little in common with:

Under the Archives Act (1957) and the proposed amending legislation, the Chief Archivist exercises considerable statutory powers. It would be more appropriate for these statutory powers to be associated with an independent executive function than to be absorbed within a multifunctional department.

Stand-alone status would result in more focussed, organisation specific, strategic objectives being developed rather than National Archives’ strategies being required to support the vision of a government department with a range of concerns beyond the business of public records.\(^{72}\)

The report notes the Crown entity option was ‘strongly advocated’ by the Archives and Records Association of New Zealand and the New Zealand Society of Archivists. It also had ‘qualified’ support by the Chief Archivist and senior National Archives staff, but the report did not explain their reservations.\(^{73}\)

\(^{71}\) *McDermott Miller Report*, ‘Economic and Social Justification’, s.2.5.13, p. 15.

\(^{72}\) *McDermott Miller Report*, s.5.10.2, p. 83, and s.5.12.1, p. 87.

\(^{73}\) *McDermott Miller Report*, s.5.12.1, p. 87.
In addition the reviewers also recommended a functional separation. The new Archives would be a provider organisation, delivering outputs that were negotiated with a purchasing agency. The purchaser would be a separate organisation, perhaps a unit within an existing government department. The purchasing agency would purchase services for film and television archives, as well as the official records of government. It would provide policy advice for the government, set standards for archival practice, and address professional training matters. It would also negotiate performance measures with the Archives and monitor their delivery. This arrangement would, the reviewers claimed, protect the government’s purchase interest. They suggested that the Crown Company Monitoring Advisory Unit (CCMAU) of the Treasury work to ensure the government’s ownership interest in the Archives was being protected.⁷⁴

McDermott Miller’s recommended structure for the archives policy area is reproduced below.

The review team did not analyse the risks associated with the new structure, for example, whether such fragmentation might produce diseconomies of scope: inefficiencies arising from the narrowing of the scope of the National Archives; or inefficiencies in policy formation once policy was moved from the Archives to a purchasing agency.

The reviewers also recommended that the archives’ regulatory monopoly be countered by allowing greater contestability in appraisals:

75 McDermott Miller Report, Figure 1, p. xv.
Allowing for the appraisal of central government records on a contestable basis through authorising private service providers to discharge such responsibilities within guidelines and to standards established by the Chief Archivist.\textsuperscript{76}

Tension between the needs of the policy area and the logic of the reforms was demonstrated by attitudes towards the oversight Internal Affairs provided for the Archives. To the reviewers, the Department was lax in not providing more protection of the government’s purchase interest. To the archivists, their semi-independence from the Department was essential for its standing as a control and coordination agency within the wider public sector:

\begin{quote}
[T]his passive stance by Internal Affairs has evolved through a recognition of the need to maximise National Archives’ professional ability to manage its own operations to best effect, having regard to international developments and best practices …. [T]his has enabled National Archives to achieve professional stature in terms of descriptive standards, appraisal consultancy and management of electronic records.\textsuperscript{77}
\end{quote}

The Chief Archivist, Kathryn Patterson, claimed that the review team did not seem to understand what being a ‘stand-alone’ business within Internal Affairs meant. McDermott Miller had reviewed the Department of Internal Affairs’ Link Centres earlier in 1994. These were a network of sixteen agencies located in communities throughout New Zealand that handled queries from the public about government services.\textsuperscript{78} Link Centres were also classified as ‘stand-alone’ businesses, but had different governance structures to the National Archives, reporting to a general manager. Patterson wondered if this terminology caused some confusion for chief reviewer Richard Miller about the relationship between the Department and the Archives, and about the nature of the Chief Archivist’s role.\textsuperscript{79}

\textsuperscript{76} McDermott Miller Report, ‘Greater Contestability’, p. xii.
\textsuperscript{77} Kathryn Patterson (on behalf of the Steering Committee), draft paper for Cabinet’s Committee on Expenditure and Revenue, 23 November 1994, para. 14.
\textsuperscript{78} Department of Internal Affairs, Annual Report for the Year Ended 30 June 1993, Wellington, Department of Internal Affairs, 1993, pp. 7-8.
\textsuperscript{79} Kathryn Patterson, Chief Archivist, memo to Neil McKay, Department of Internal Affairs, ‘Link Centre Review’, 8 December 1994.
Staff from the National Archives provided the reviewers with eight pages of corrections to the ‘core business’ section of the draft report, but few of these were incorporated by the reviewers into the final document. Patterson commented that

The report was not discussed with National Archives management during its compilation with the result that incorrect conclusions were drawn from material supplied. The Review Team were markedly reluctant to try and assimilate additional information which might change conclusions they had drawn once the draft final report had been prepared. As well as accusing the archiving professionals of provider capture and self-delusion, the reviewers undermined archival values. Section two of their report was devoted to ‘The nature of archives and their management.’ In it, the reviewers defined traditional archiving values such as original order and the principle of provenance. The reviewers then proceeded to question these values, by reproducing extracts from debates within the archives profession. For example, the reviewers use a quotation from Canadian archivist Hugh A. Taylor about the relationship between truth and the authority of records to conclude that ‘the value of the original document is being questioned.’ The totality of the debate about the authority of records was not referred to. That such debates might be natural and healthy within a profession was not entertained by the reviewers.

Although the reviewers stated that the quasi-constitutional role of the National Archives was justification for it remaining in public ownership, they downplayed that aspect of the Archives’ function. They measured the work of the Archives where possible and noted that most users of the National Archives were not government agencies, but genealogists researching family histories. The report noted that:

National Archives regard themselves as performing a primary role as a Public Record Office for the government market. However, Government officials contribute only about 8% of registered users, and only about 5% of productions

82 McDermott Miller Report, ‘The Validity of Traditional Values’, s.2.5.8, p. 13.
are government loans with the balance being for public users who regard the collection as a heritage resource.\textsuperscript{83}

The reviewers implied that the archivists had over-played their quasi-constitutional function to protect their monopoly.

The review measured what could be quantified: meters of accessions, cumulative totals of accessions, number of user visits, classification of users (government, genealogists, historians, academics), time taken to process acquisitions, number of written enquiries, percentage of users expressing satisfaction with services provided, and so forth. These are easily quantifiable measurements, but they do not provide any indication of the value of the archives to various users or to society as a whole. These measures do not tell the real value of archives because they measure outputs (what is done) not outcomes (the impact of what is done). In addition, potential value from future use is not measurable. The report does not suggest how outcomes might be measured. Without tying outcomes to government’s strategic objectives, and to the proposed structural reform, the reviewers treated the Archives like ‘a mere cost centre, inhibiting the government’s strategy by adding to government spending.’\textsuperscript{84}

In their section on technology, the reviewers relied on a single book by Lawrence J. McCrank, a library and information science academic in the United States. The reviewers wrote (correctly) that traditional archival values ‘evolved in a manual environment.’ They then challenged these values by quoting McCrank:

\begin{quote}
Today, however, ‘…an automated system can preserve provenance theoretically and original order too as an abstraction mirroring actual housing without the necessity of having it reflected in the order of the records in a series.’\textsuperscript{85}
\end{quote}

\textsuperscript{83} \textit{McDermott Miller Report}, ‘Conclusions: Nature of Core Business’, s.3.11.1, p. 41.

\textsuperscript{84} Brian Easton to Kathryn Patterson, Chief Archivist, ‘National Archives: Independent Review – Commentary on Draft Report’, p. 3.

It is true that the challenges of electronic records have forced archival theorists to re-examine first principles. Electronic records have different qualities to paper records. In addition, the nature of electronic systems on which these records are created pose challenges to archivists. They are easily created, transferred and shared amongst agencies. This complicates the determination of provenance. The ease with which electronic records can be modified makes it more difficult to determine ‘authenticity’ - the ‘trustworthiness of the record as a record.’ It requires that a record is ‘what it purports to be and has not been tampered with or otherwise corrupted since its creation.’ Electronic records are also easily and frequently deleted. Indeed, an agency’s e-mail system may automatically delete records when an officer’s mailbox reaches capacity. This has the potential to undermine the completeness of the record for purposes of accountability.

Electronic records are routinely migrated to newer systems. The electronic systems on which records are made, stored and transferred have also challenged archival thinking. These systems are periodically updated. Backwards compatibility can be lost in these updates, leading to what is effectively a destruction of records. Information about context can also be lost in these migrations. There is a huge variety in the electronic systems across the public service. Different agencies use different computer systems, often not compatible. This causes problems for archiving agencies. They have to find a workable way of keeping old electronic records accessible, long after the technology that generated them has been superseded.

In brief, electronic records have created a new challenge for archives, not only how to preserve the actual record, but also how to preserve content, authenticity and context when electronic records are reproduced.

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88 Duranti, p. 4.
89 Duranti, p. 11.
New technology is providing opportunities for archivists to rethink traditional assumptions based around paper records. But electronic records pose huge problems of their own. As a consequence, more than ten years after the Mc Dermott Miller review, archivists around the world are still working through issues arising from the shift to the electronic era. Mc Dermott Miller did acknowledge problems with e-records in a previous section of their report, but by raising McCrank’s claims about a challenge to traditional archival values, they were effectively undermining any assumption of a continuance of those values.

Certainly the values of the archivists did not sit easily with the values of the governments and state sector of the 1990s. The work of the National Archives was not readily aligned to the stated strategic objectives of governments in the mid-1990s. Those objectives included maintaining and accelerating economic growth, enterprise and innovation, external linkages, social assistance, and health and disability services. In their executive summary the reviewers suggested that archiving contributed ‘broadly’ to the government objective of ‘improving social cohesion’. They did not develop this theme. Despite the terms of reference asking for structural options that furthered the government’s strategic objectives, the reviewers justified their proposed model against the principles of public sector management reform, not the government’s strategic objectives. Later in the 1990s government objectives did include fostering a sense of national identity. The National Archives’ heritage function can certainly be classified as strengthening national identity, but there has not been a strategic objective that referred to promoting or protecting constitutional issues. Critiquing a draft version of the Mc Dermott Miller report, economist Brian Easton wrote,

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91 Mc Dermott Miller Report, ‘International Archival Trends and Issues’, s.2.5.3, pp. 10-11 and s. 2.5.4, p. 11.
92 As recorded in Scott, p. 341.
93 Mc Dermott Miller Report, p. v.
It would be almost universally accepted among economists that economic and social prosperity is dependent upon stability of government and the rule of law. A competent public record is integral to this, and as a result a system of national archives is necessary for beneficial economic growth … The [McDermott Miller] report does not adequately address the central issue of the role of the National Archive in the governance of New Zealand.  

Easton said that rule of law was not included in any government lists of strategic objectives or visions for the future that were published around that time. He wondered if this was because it was so fundamental as to not need mentioning.

In recommending that the Archives became a Crown entity, the reviewers stuck with the fashions of the time. Other agency forms that might be more suitable for a control and co-ordination agency with a quasi-constitutional role were not examined.

One option not considered was the Chief Archivist becoming an officer of Parliament. Officers of Parliament are answerable to Parliament, not the government of the day, and they can only be removed from their offices by the Governor-General, acting on advice of the House. Officers of Parliament are ‘created to provide a check on the arbitrary use of power by the executive.’ As an officer of Parliament the Chief Archivist would be less likely to come under political pressure regarding the destruction or retention of politically embarrassing records, a situation that has been problematic in Australia. By reporting to Parliament instead of a Minister, the Chief Archivist would be free to criticise the management of the public sector with regards to records management practices and policies. Other officers of Parliament include the Ombudsmen and the Controller and Auditor-General.

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95 Brian Easton to Kathryn Patterson, Chief Archivist, ‘National Archives: Independent Review – Commentary on Draft Report’, pp. 4-5.
98 For example, the Heiner case in Queensland, where the state archivist was instructed by the government of the day to destroy records involved in a Court case; in Western Australia where the W.A. Inc. enquiry found a lack of independent power for the state archivist was one of many factors allowing a culture of government corruption to flourish.
Chapter 5: Culture Clash

The reviewers did not draw parallels between the multiple functions carried out by the Chief Archivist and other government officers such as the Solicitor General and the Governor of the Reserve Bank. All three provided policy advice to government, and were Chief Executives of their agencies, which carry out the provision of services. Continuing with a mix of functions was unacceptable to the reviewers, even though this mix of functions was acceptable for national archives internationally.

Public choice theory and managerialism depoliticise the public sector because they treat management as a technical process. Neo-liberalism favours market considerations over political considerations. It is not surprising, therefore, that the reviewers did not consider the department form as a structural option for the Archives. Departments are part of the legal Crown and Ministers have considerable powers to direct their departments. Crown entities, on the other hand, have a structure more in keeping with private sector corporates. Crown entities are statutory authorities at arms’ length from Ministerial interference, making it more likely that their decisions are made for business reasons, not political ones. Their performance is overseen by a Board. Each Crown entity has its own enabling legislation that specifies its purpose and the relationship with its responsible minister. The National Library, a government department, was praised in the review of the Archives as being well-managed. The only criticism the Library faced was its ‘current dual role as a policy agency and service provider.’ The reviewers – acting outside their brief - cast some doubt on the Library continuing as it was:

Given the policy purchaser/provider contradictions inherent in the National Library’s current activities, incorporating National Archives as an operating division within a structure whose future may be uncertain would not necessarily be prudent.

McDermott Miller provided members of the Steering Committee with a draft of their report in October 1994. Before that, some individual sections on the core business of the

99 Draft paper by Kathryn Patterson, 23 November 1994, paras. 17 and 18.
100 Draft paper by Kathryn Patterson, 23 November 1994, para. 14.
102 McDermott Miller Report, s.5.11.7, p. 86.
Archives and the Library-Archives merger option had been circulated to Committee members for input. Individual Committee members responded to the draft report with comments. These were aggregated and provided to the reviewers.

The State Services Commission (SSC) considered the analysis supporting the recommended structural option to be weak. They were unmoved by the report’s support for the Archives remaining a monopoly. The SSC said they were,

… unconvinced that sufficient analysis has been completed to support the structural option proposed. … We remain unconvinced that without addressing the nature of the business and the risks inherent in monopolistic supply, any structural change will achieve significant benefits and could indeed expose the Crown to further risks. 104

The SSC said that the new structure must be driven by the needs and nature of the core business of the Archives. It said the draft report had failed to do this. The SSC also failed to link their recommendations to the government’s strategic objectives.

Reaction to the draft review by an unnamed Steering Committee representative revealed that the author also viewed the ‘real’ problem to be that of monopoly:

I doubt Archives are a natural monopoly. There may be some economies of scale but these would need to be queried. I also doubt that deregulation in the Archive area would be any more difficult to achieve than the deregulation successfully managed in other areas of the state and private sectors. Structural options [in the report] do not address the fundamental ‘monopoly’ problem – it is necessary to introduce competition. … There is a leap in logic between requiring archive services and having a single ‘archive’ provider. 105

In its feedback the National Library supported the Crown entity form for the Archives, as a means of enabling ‘more focused, organisation-specific, strategic objectives, and improved management authority and effectiveness as stated in the draft report.’ The Library, itself identified by the reviewers as having both policy and service provider

105 Unnamed member of the Steering Group commenting on the draft McDermott Miller report, to Gareth Chaplin, State Services Commission, 3 November 1994.
roles, did not, however, support the separation of purchaser and provider roles and pointed out that functional separations were problematic:

The former emphasis on the concept of a clear separation between these roles is being reconsidered in the light of practical experience and the need to consider differing models for differing situations. National Archives, as an agency set up to administer historical government records, may not require the same model as, for example, an agency which delivers health or education services to the population in general.

The Library also sought to assert its independence from other agencies in the information, culture and heritage sectors:

The National Library does not agree that there is a need to reduce the number of agencies operating in the field of information, heritage and cultural policies. Nor does it agree that there is necessarily a natural affinity among these three areas of policy. The need for a coherent government information policy is best addressed through the development of synergies across all information players in the public sector.  

The Steering Committee cast doubt on the costings of various structural options provided by the reviewers, and other data. For example, the draft review claimed that 64 percent of New Zealand government records were kept compared to international norms of between five and ten percent. The Archives responded by pointing out that the reviewers clearly did not understand how archives operated in New Zealand; 64 percent of appraised records were retained but this only amounted to a small number of records overall. This was because the Archives released schedules detailing the nature of records that agencies could automatically destroy without appraisal. Not all records were appraised. That the reviewers were not aware of this suggested a poor understanding of the operations of the sector. The reviewers provided costings for the new model. The Committee considered these costings unrealistic: they did not allow for an increase in expense for Internal Affairs adopting an archives policy role; the cost of Internal Affairs’

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overhead charges to the Archives was detailed incorrectly; the reviewers did not allocate any costs for organisational change.\textsuperscript{108}

The reviewers made some changes to the final report as a result of these criticisms. They included an analysis of what was meant by the term ‘principles of public sector reform’. Some of the data was altered. An early section on the merger between the National Library and the National Archives was substantially rewritten following feedback by the two organisations. The key findings in the interim report remained in the final version.

The Chief Archivist, Kathryn Patterson, had her own complaints. These included her assessment that the reviewers had a fixed solution in mind and only paid attention to evidence that supported that view. She commented that a number of users interviewed for the report were upset that their positive comments were not included in the report. Archives staff was not asked to respond to criticisms by users.\textsuperscript{109}

Patterson provided her staff with copies of the report. In her cover letter she stated,

\begin{quote}
There are many interesting observations in the report. But I should warn you that the review team did not develop a warm working relationship with National Archives with the result that the tone is sometimes shrill and some comments appear as more hostile than evaluative. The final report contains a number of criticisms about our responsiveness which had not been mentioned or discussed previously.
\end{quote}

The review of the National Archives by consultants McDermott Miller was carried out in an atmosphere of misunderstanding, ill temper and recrimination. Richard Miller claimed that,

\textsuperscript{108} For example, comments by David Bull, Department of Internal Affairs, note to Neil Mckay and Kathryn Patterson, 31 October 1994.
\textsuperscript{110} Kathryn Patterson, Chief Archivist, draft letter to ‘All Staff’, 20 December 1994.
We believe we have done a good job in trying circumstances … The review became a protracted process … with National Archives management questioning our judgement and authority every step of the way.\footnote{For example, Richard Miller, McDermott Miller Ltd, letter to Neil Mckay, Department of Internal Affairs, 1 December 1994.}

The reviewers questioned traditional archiving values and archivists and their supporters claimed the review process was conducted in an arrogant and unreasonable manner. Chief Archivist Kathryn Patterson described Richard Miller’s style as ‘inquisitorial’ and said that ‘[i]t is likely that there will also be a formal written complaint to both the steering committee and the Minister’ about his style.\footnote{Kathryn Patterson, ‘National Archives Review – Concerns’, 27 October 1994.}

There was a dispute over fees for the reviewers, who wanted to be paid extra due to time over-runs. The reviewers claimed these were due to ‘unrealistic demands’ such as the Archives management ‘attempting to rewrite our drafts’, an alleged widening of the terms of reference, and more time devoted to stakeholder interviews than budgeted for.\footnote{Richard Miller, letter to Neil Mckay, 1 December 1994.}

Internal Affairs agreed to reimburse the consultants for the extra interviews, but denied the terms of reference had changed and commented that the reviewers did not signal cost overruns to the Official Steering Committee during the review process.\footnote{Kathryn Patterson, Chief Archivist, Memo to Neil Mckay, General Manager of Corporate Services, Department of Internal Affairs, ‘Letter From Richard Miller Seeking Extra Fees for National Archives Review’, 6 December 1994; Neil Mckay, Department of Internal Affairs, draft letter to Richard Miller, McDermott Miller Ltd., 6 December 1994.}


\section*{Conclusion}

In discussing the McDermott Miller review of the National Archives in 1994, this chapter has demonstrated the tension between prioritising the interests of the wider public sector and prioritising the interests of a specific policy area under review. The terms of reference focused on the government’s strategic objectives and the need for cost
effectiveness, not the effective promulgation of archival values. The reviewers framed their report with generic public management principles that were in vogue at the time and these determined the way key problems were defined and the possible solutions to them.

Chapter 6 continues with the response to the McDermott Miller report by the Department of Internal Affairs, including claims by the Department that the report contained serious weaknesses.
Chapter 6: Internal Affairs versus the Archivists

Chapter 6: Internal Affairs versus the Archivists

The process we are embarking on over the next few months includes engaging in discussions on our values and beliefs as an organisation. Let me ‘kick off’ that process by nailing to the mast my personal rules and beliefs on management:

· People are paramount;
· control your own destiny;
· encourage initiative, skill and passion of staff;
· communicate, communicate, communicate;
· live life ‘at the edge’; and
· never give up.¹

There is no particular reason why the National Archives should be the only keeper of the national archives²

The Blakeley Plan

The final McDermott Miller report was delivered on the 25th of November 1994. Perry Cameron was the Secretary of Internal Affairs when the report was commissioned but it was delivered to his successor, Ralph Stockdill. Cameron resigned his job in October 1994 following a row with his Minister, Warren Cooper. Stockdill was the acting Chief Executive during the search for Cameron’s successor. He did not immediately act on the recommendations of the McDermott Miller report³ but proposed further investigations. He told his Minister that the steering group supported ‘in principle’ the functional separation, but he commented that the McDermott Miller report did not ‘present a robust

¹ Roger Blakeley, Memo to Joel George, Neil Mackay, Kristine Kilkelly, Alvin Clement, Denis O’Reilly, all Internal Affairs, ‘Strategic Planning Memorandum, 25 March 1995, p. 7.
analysis of the financial implications of such changes, and considerable further work is needed to evaluate the costs and benefits of the various options.\footnote{Ralph Stockdill, Acting Chief Executive, letter to Minister of Internal Affairs on the Review of National Archives, 17 February 1995.}

In December 1994 a summary of recommendations from the report went before Cabinet’s Expenditure Control and Revenue Committee (ECR). An accompanying paper for the Cabinet ECR Committee was written by the Minister of Internal Affairs, based on a draft written by the Secretary of Internal Affairs. This Cabinet paper promoted an immediate functional separation of the Archives within Internal Affairs, but also further work on the Crown entity option. Although the McDermott Miller report had recommended an Establishment Board be set up to prepare the Archives for Crown entity status, such a board was never created.\footnote{McDermott Miller, \textit{National Archives: Independent Review}, 25 November 1994, for example p.xiii, Key Recommendations. Hereafter: McDermott Miller Report.} The accompanying papers commented that:

> Officials support in principle the need to separate the purchaser and provider functions and to work towards improved policy co-ordination in the information and heritage sectors. … Officials believe further work is required on aspects of the reviewers’ recommendations before a final decision can be made on the future form and structure of National Archives. The reviewers prefer the Crown entity option but have not considered the costs (including exit costs) and benefits of the various options. Considerable further work is required to substantiate whether the savings in the report are able to be realised. … It is considered too soon to make a final decision on the organisational form of National Archives.\footnote{Office of the Minister of Internal Affairs (Warren Cooper), letter to Cabinet Expenditure Control and Revenue Committee, 12 December 1994, ECR (94) 290.}

The paper recommended that the Cabinet agree to the appointment of an Advisory Board to advise the Secretary of Internal Affairs on:

- strategic development options for National Archives
- management of the growth of National Archives
- the most appropriate organisational form and structure for National Archives
- the preferred option for the future of the Records Centres
- an appropriate financial structure
- measures necessary to ensure a purchaser/provider split
- possible synergies between the National Library and National Archives\footnote{Warren Cooper, letter, ECR (94) 290.}
Chapter 6: Internal Affairs versus the Archivists

In April 1995, Dr Roger Blakeley, the Secretary for the Environment, became the new Secretary for Internal Affairs. The Environment Ministry was a small policy agency created as a result of a policy-provider split in the environment-conservation area. Blakeley came to Internal Affairs with a reputation as ‘an ardent reformer’ and ‘for being a vigorous exponent of the new management philosophies which found favour at this time.’

Blakeley, according to historian Michael Bassett, ‘believed he was sent to Internal Affairs on a [State Services Commission] mission to give clarity and vision to a department that had seemed to lack it for much of its history.’ Blakeley claimed that the diversity of functions in Internal Affairs led to a lack of external and internal understanding of what DIA does, and that:

when Ministers are confronted with decisions on allocation of functions that might logically fit within DIA, the reaction currently tends to be negative; the image of DIA as a receptacle of those functions that nobody else wants to do.

During Stockdill’s brief tenure, Internal Affairs officials worked on changes to the management of the Department. A General Manager was proposed for policy, answerable directly to the Chief Executive Officer. Blakeley supported the proposal to create a policy unit in the department. He was concerned that Ministers held policy advice by the department in low regard. He attributed this in part to self-interested policy by operational units and a lack of big picture strategic policy. Blakeley told senior Internal Affairs officials that:

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8 Blakeley was an engineer whose previous public sector management experience was being General Manager, State Coal Mines 1984-1986, and founding Secretary, Ministry for the Environment, 1986-1995.
11 Memorandum from Roger Blakeley to Joel George, Neil MacKay, Kristine Kilkelly, Alvin Clement, and Denis O’Reilly, 25 May 1995, Subject: Strategic Planning Memorandum. Syntax as in original.
12 Department of Internal Affairs, Agenda, Executive Meeting, Wednesday 8 February 1995.
13 Bassett, pp. 267-68.
14 Bassett, pp. 267-68.
I want to avoid what happened with Health reforms where the Department of Health was focused on the detail and Treasury by default became the advisor on the ‘macropolicy’ issues. That is, in areas such as gaming, sport, emergency services review and management of our businesses we need to be ‘leading the charge’ on big picture policy and institutional issues such as separation of policy, purchaser and provider.\textsuperscript{15}

Blakeley ‘hit the ground running’, meeting almost all 1160 staff in the Department in his first six weeks on the job, confirming a review of the structure of the department and flattening its management structure in his first 100 days.\textsuperscript{16}

In July 1995, without consulting the National Archives or its stakeholders, Blakeley announced a restructuring plan for the Archives.\textsuperscript{17} In effect the plan implemented the functional separation recommended by McDermott Miller. The Archives’ existing business was to be divided among three units, but all three of these units were within Internal Affairs. Internal Affairs argued that an in-house functional separation could provide the benefits of the external functional separation advocated by McDermott Miller:

\begin{quote}
\textit{The structure is in line with other models through the public service providing a clear distinction between policy, purchaser and provider roles. This approach is seen as ensuring greater efficiency, transparency and accountability.}\textsuperscript{18}
\end{quote}

Internal Affairs stated that once implemented, further investigation into institutional design issues, such as the Archives business becoming a Crown entity, could continue.\textsuperscript{19}

\textsuperscript{15} Blakeley, \textit{Strategic Planning Memorandum.}
\textsuperscript{17} Bassett, p. 269.
\textsuperscript{19} Office of the Minister of Internal Affairs (Warren Cooper), letter to the Chair, Cabinet Committee on Expenditure Control and Revenue, 26 July 1995, p. 1.
Both the Chief Archivist and the General Manager of the new business unit (National Archives) would report directly to the Chief Executive of Internal Affairs. The Internal Affairs policy unit was to provide policy advice to the Chief Executive, including advice on the new archives legislation. An Office of the Chief Archivist was to be a funder unit, purchasing archival services from the National Archives and any other providers in the market. The National Archives was a provider of archival services, but would be competing in a contestable market for contracts from the Chief Archivist. The Chief Archivist would be responsible for setting and monitoring standards. Under the 1957 Archives Act she was charged with approving the recommendations in appraisal reports regarding the transfer or disposal of records. Because the legislation had not been changed, she retained that function. Plans were made to physically separate the three

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20 Patterson, *Case Study*, Chart 2, p. 25.
units. The policy unit was located with the Internal Affairs head office in Waring Taylor Street, Wellington. The Office of the Chief Archivist was to move out of Archives House in Mulgrave Street.  

Two new advisory bodies were established. In Blakeley’s initial plan the National Archives Advisory Board was to report directly to the Chief Executive of Internal Affairs. It was concerned mainly with the National Archives business unit. The second advisory body was the National Archives Advisory Committee. It comprised a large group of stakeholder representatives whose role was to advise the Chief Archivist.  

Both of these bodies were established and met through 1996 and 1997. The Advisory Board had four members: a financial consultant, a university lecturer who had used the Archives for his research, a lecturer in business studies, who was Māori and who had also used the Archives, and a businessman. None of the advisory board members had technical archival skills. The composition of the board suggests such skills were not considered necessary.  

The Board developed a strategic plan for the National Archives. The Chief Archivist at the time, Kathryn Patterson, wrote that the plan contained ‘little new … it gave support to directions the Chief Archivist had been promoting.’ They checked the Archives’ business cases requesting capital injections for projects such as building maintenance and computerising finding aids. The Board considered the future of Records Centres. These Centres were storage facilities for inactive department records that had not yet been appraised for retention or disposal. Storing records in Centres controlled by the Archives encouraged the continuity of the Archives’ involvement in the life of records. In the mid-1990s the Archives’ Records Centres were losing money. A lack of capital investment meant that the Archives were unable to develop this business.  

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22 Patterson, *Case Study*, p. 7.
23 Patterson, *Case Study*, p. 7.
24 Patterson, *Case Study*, p. 7.
25 Patterson, *Case Study*, p. 8.
McDermott Miller review discussed the loss made by the Records Centres and recommended further investigation into their future. The Advisory Board recommended the closure of the Centres.

The Advisory Committee, composed of stakeholders, had the role of conveying user concerns to the Chief Archivist and to advising her on professional issues such as access, destruction and preservation. Patterson wrote that, ‘As a group they understood that National Archives management was already aware of most of the concerns and that resolution in most instances required a financial injection’, a situation outside the Chief Archivist’s control. In terms of their ability to provide professional advice,

> It is not surprising that there is some difficulty in creating a group to provide professional advice to the Chief Archivist, when the greatest concentration of professional archivists in the country are found on her staff. Indeed, if National Archives is healthy, one would expect it to be leading the professional debate on the issues covered in the current committee’s terms of reference.

Officials accepted that there would be transitional costs associated with the structural change, but there was no new funding for Blakeley’s proposals. The restructuring of the Archives was to be financed by reprioritising existing Internal Affairs budgets. Addressing concerns of staff, Blakeley went on the record stating that there would be no redundancies or cuts to existing National Archives’ services.

Patterson expressed concerns about Blakeley’s proposal to senior Internal Affairs management. She claimed that the new structure removed from the Chief Archivist all her statutory power except ‘those relating to authorising disposal or destruction of public

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26 McDermott Miller Report, s.4.5.7, p. 50, s.4.6.3, p. 54, and s.4.6.7, p. 55.
27 National Archives Advisory Board minutes, 21 August 1996.
28 Archives Advisory Committee, Terms of Reference. See also, Memorandum from Michael Hoyle and John Roberts to Kathryn Patterson, ‘Committee/Board Structures to Support National Archives’, 16 March 1998.
29 Patterson, Case Study, p. 8.
30 Memorandum from Michael Hoyle and John Roberts to Kathryn Patterson, 16 March 1998.
32 Kathryn Patterson, memorandum to National Archives staff, October 1995.
archives. Her statutory duty for the ‘…custody, care, control, and administration of all public archives deposited in the National Archives’ was given to a General Manager, who reported directly to the Secretary of Internal Affairs. While section 7 of the 1957 Archives Act did stipulate that the Chief Archivist could delegate her powers, ‘from time to time’, section 6 stated that the Chief Archivist operated under the ‘general direction’ of the Secretary of Internal Affairs. Patterson argued, however, that ‘it is uncertain whether the Secretary’s powers of general direction extend to requiring the Chief Archivist to delegate statutory powers.’

Patterson wrote that the new model involved her, as a funder and principal, to use purchase agreements to delegate statutory powers to the general manager of the Archives, who was a provider and agent. However, the general manager was then not responsible to the Chief Archivist for how that contract was carried out. This was problematic because section 7(5) of the Archives Act stated that ‘every delegation under this section shall be revocable in writing at will [by the Chief Archivist], and no such delegation shall prevent the exercise of any power by the Chief Archivist.’ In the mid-1990s New Zealand state sector, purchase agreements were meant to function like contracts, with the principal taking a hands–off approach as to how the agent chose to meet the specified outputs. In this case, the argument for the functional separation was to remove a conflict of interest by divesting the Chief Archivist – as monopoly setter of standards – of her management of the provision of services that met those standards. The law in this case, however, gave the principal the right to intervene as she saw fit, undermining a key logic of the structure.

The right of the Chief Archivist to intervene at will related to the responsibility the Archives Act gave the Chief Archivist for outcomes. Kathryn Patterson’s interpretation of her section 7(5) responsibilities were that:

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34 The Archives Act, 1957, s. 6.
35 Kathryn Patterson, letter to Joel George, 17 July 1995.
36 Kathryn Patterson, letter to Joel George, 17 July 1995.
The Chief Archivist remains accountable to the Secretary for the performance of the statutory responsibilities assigned under the Archives Act irrespective of whether any statutory powers have been delegated. A direction from the Secretary to delegate, in opposition to the view of the Chief Archivist on the appropriateness of such a delegation, would thus be contrary to the Act since the Chief Archivist could not escape being accountable for the consequences of making that enforced delegation. It follows that the proposed arrangement is dependent on the willing co-operation of the Chief Archivist, and this must be founded on an assurance that the holder(s) of this delegation will exercise these powers appropriately. Since the recipient of any delegation remains accountable to the person who has given the delegation, the General Manager must be accountable to the Chief Archivist (and not the Secretary) for the exercise of any statutory powers delegated by the Chief Archivist. 37

Internal Affairs’ initial legal advice was that the proposed restructuring was consistent with the Archives Act. 38 Internal Affairs established both the advisory groups. In November 1995 it advertised the National Archives’ General Manager position.

Behind the scenes Kathryn Patterson argued against the restructuring taking place along the lines promoted by Blakeley. But as a public servant Patterson was required to publicly promote the new structure. In October 1995 Patterson sent out a memo to all Archives staff, answering their questions:

Q. Why could not the OCA [Office of the Chief Archivist] be established within National Archives?

A. What is being looked for is a clear division. It is believed that locating the new unit within the same building would not achieve this transparency and neither would having both units responsible to the Chief Archivist. 39

Despite the desire for a clear division, and the transparency it was designed to bring, Patterson’s answer to the following question demonstrated the impracticality of a tidy split:

37 Kathryn Patterson, letter to Joel George, 17 July 1995.
38 Cabinet State Sector Committee, Review of National Archives: ’Changes to Legal Advice’ STA (96) 2, 2 February 1996; Kathryn Patterson, Case Study, p. 5.
39 Kathryn Patterson, memo to National Archives staff, October 1995. Bold in original.
Q. In several areas the split is proposed between policy and operational aspects of a given area with responsibility going to the Office of the Chief Archivist and the National Archives business respectively. How cleanly can such divisions be made in areas such as IT development v IT systems maintenance, liaison with government departments, access policy v reference service provision? How is the demarcation between policy development and operational refinement to be determined and monitored?

A. It is not possible to make such splits and demarcations absolutely clear. This makes it very important that there is continuing liaison between the two units and with the Policy unit. I would envisage that the General Manager would be aware of the areas being covered at any time by the Office of the Chief Archivist and that there would be regular meetings between the two. There may be also times when a person is seconded for a short time to the Office of the Chief Archivist to work on a particular project where the split is not clear and where operational input is essential. Alternatively proposals developed would be passed to the National Archives Business for commentary. I would see part of the role of the Chief Archivist and the General Manager would be to keep such communication channels wide open and part of the task of the Advisory Committee would be to alert me to real, perceived or potential problems.40

News of the new structure was not well received by stakeholders, who had not been consulted during its design. Their concerns ranged from echoing Kathryn Patterson’s observations about the role of the Chief Archivist being undermined and the legislation breached, to general disapproval of the ideology underlying the functional separation, to claims that the reforms did not suit such a small organisation and would be costly. Each of these concerns is expanded on below.

Blakeley made two comments around this time that further antagonised the archiving stakeholders. First, he commented that the Archives (business) could be run privately. Certainly, the new model was designed to facilitate more competition in the provision of archival services. In many cases in the 1980s and 1990s in New Zealand, Crown-owned agencies were privatised after first being commercialised (made to operate on a commercial basis), so commercialisation was viewed by some stakeholders as a stepping stone to privatisation. In response to stakeholder outcries, the Minister of Internal Affairs, Warren Cooper, made a public pledge on August 23 1995 that the Archives were

40 Kathryn Patterson, memo to National Archives staff, October 1995.
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not for sale. Blakeley’s second antagonistic comment was ‘There is no particular reason why the National Archives should be the only keeper of the national archives.’ With this sentiment Blakeley echoed the response of the Treasury and the State Services Commission to McDermott Miller’s assessment that the archives was best served by a monopoly. Cooper, too, aroused suspicion of the stakeholders with a comment reported in the press that the restructuring of the Archives was justified by the ‘avalanche of paper’ it was accumulating. He described the archives as being ‘too zealous’ in their work, ‘costing the taxpayer a fortune.”

Opposition to Blakeley’s plans by stakeholders saw the previously low-profile National Archives receive unprecedented publicity. In August 1995 about 45 users of the Archives picketed outside the National Archives building in Wellington. The picketers claimed to represent groups with membership of over 50,000: historians, genealogists, and Māori researchers. Representatives from fifteen organisations met in Wellington on the 23rd of August to discuss a strategy for opposing the restructuring. Media coverage included radio stories, letters to newspaper editors and articles. On September 7th a claim was lodged with the Waitangi Tribunal stating that, ‘there has been no adequate or appropriate participation and consultation with Maori, regarding the development of proposals outlining the restructuring of National Archives.”

In September, Blakeley began a belated consultation exercise with stakeholders, who remained unconvinced as to the merits of the proposal and the genuineness of the

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41 Bassett, p. 267.
consultation. The lead article in the November 1995 Newsletter of the Professional Historians’ Association of New Zealand (PHANZA), Phanzine, commented:

Virtually all key user groups, PHANZA amongst them, criticised the lack of public consultation that preceded the Cabinet decision – including the McDermott Miller Report, which largely failed to seek the views of historians and other core users, not even bothering to seek the views of the Department’s own Chief Historian. They also condemned the absence of any cost benefits analysis and the apparent pointlessness of engineering a costly funder-provider split for an organisation of just 70 people. …

While we welcomed participation in this belated ‘consultation’, no one went away feeling reassured about the wisdom of the proposals. Dr Blakeley … made it apparent that it would take a great deal to persuade him to advise Cabinet to reconsider its still-undocumented decision. Details were noticeably lacking and it was apparent that no cost benefits analysis had been undertaken to prove the ‘efficiency’ of the proposal; indeed, the news that the Chief Archivist, housed in splendid isolation, would need a staff of eight professionals plus support staff, suggested that the whole exercise was going to be very expensive. 48

Former Chief Historian and Archives and Records Association Life Member, Ian Wards, wrote of the September consultation Blakeley held with stakeholders:

… the Secretary could provide no hard evidence that his plans either should or could work. Instead, those assembled were enjoined to have faith. New Zealand led the world in public sector reform, and where New Zealand led others would ultimately follow. 49

Stakeholders claimed that Blakeley’s restructuring plans had a variety of flaws. No cost-benefit analysis had been done for the new structure. Stakeholders were of the view that the reforms were official-driven, not the result of political instruction, therefore it was not necessary for them to proceed. They also pointed out that the new structure entrenched rather than removed conflicts of interest. These flaws will be discussed in turn.

The McDermott Miller report was criticised by Internal Affairs officials for its lack of a rigorous cost-benefit analysis of the recommendations and for not presenting an analysis

49 Ian Wards, Guest Editorial, Archifacts, October 1995, p. vi.
of the risks associated with their recommendations. It contained no costings for the functional separation. Blakeley’s opponents pointed out that Internal Affairs was making a similar mistake with its new proposal. It did not include a cost-benefit analysis of the new structure; officials recommended that the change should happen first and then it would be evaluated. As a result, opponents of the restructuring labelled it as ideological, based on a belief in functional separation, but not grounded in evidence relevant to this particular case. Internal Affairs claimed that the functional separation was successful elsewhere in the public service. During this debate they did not address the problems with functional separations which were apparent at this time and raised by the National Library’s representative on the Steering Committee during the McDermott Miller review.

Liz Springford of the State Services Commission defended this gradual restructuring. She wrote in July 1995 that,

> this incremental approach (unfashionably C E Lindblom) may mean some improvements in the meantime, get managers and staff used to better accountability arrangements, and perhaps mean better information may be available for the next report to ECR by 15 December 1995.

Archiving stakeholders believed that Blakeley’s desire for Internal Affairs to be a leader on public sector reform, rather than the best interests of the Archives, was the main driver of the restructuring. They questioned whether Internal Affairs was indeed required to proceed with the restructuring. Blakeley claimed that he was simply implementing

50 Office of the Minister of Internal Affairs (Warren Cooper), to Chair, Cabinet Committee on Expenditure Control and Revenue, Review of National Archives, 26 July 1995, p. 5: ‘22. The McDermott Miller report identified areas for further analysis, but the treatment of options was superficial. Officials believe that the appropriate step is to implement a policy-purchaser-provider split over the current National Archives activity, then monitor its effectiveness. While the reviewer favoured a Crown entity model, no useful estimates of costs and benefits were provided in the report. This option can be considered at a later date when the policy-purchaser-provider split is fully operational.’


government policy, as public servants are required to do. He was required to report to the Cabinet State Sector Committee by 16 February 1996 on ‘progress on implementing the policy-purchaser-provider split over National Archives, and on examining long-term options for the organisational form of National Archives.’\(^{53}\) Progress, of course, did not mean actual implementation; he had the scope, for example, to report that further investigation had shown the functional separation ran contrary to the 1957 Archives Act, or that it was unsuitable for an organisation of this size.

Opponents claimed that the Minister of Internal Affairs, Warren Cooper, was ambiguous on the proposal, saying he awaited advice from the Department as to its merits.\(^{54}\) Cooper commented on National Radio that the restructuring was ‘a possible change’ and that Internal Affairs ‘are going to report back.’\(^{55}\) His comments in Parliament conveyed a cynical attitude towards the restructuring process:

> We are into what we could call that political theory time where one has to have a funder/provider split. In a few years’ time we will not be in that. We will be trying something else and all the officials will still be employed.\(^{56}\)

Removing conflicts of interest was the key justification given for the functional separation. Ian Wards reported that Blakeley often commented that ‘the Chief Archivist cannot be “referee, coach and player” in his market environment.’[sic] As Wards pointed out, Blakeley ‘…apparently sees no incongruity in assuming all of these roles himself, for this will be the practical effect of the restructuring, all three units created reporting directly to him.’\(^{57}\) Blakeley’s internal functional separation did address one concern of the McDermott Miller reviewers; it lessened the power of the Chief Archivist and her staff. This, presumably, would diminish opportunities for professional capture. With the Secretary for Internal Affairs retaining ultimate power over all archiving units, and the Crown entity proposal on hold, the statutory independence of the Chief Archivist was

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55 Warren Cooper, Minister of Internal Affairs, interviewed on *Checkpoint* (National Radio) 23 August 1995.
56 Warren Cooper, 5 October 1995. [Hansard.]
undermined. In effect, power shifted from professional interests to technical managerial interests.

Opposition politicians asked a series of questions in the House of Representatives about the cost of the extra staff required, and whether the archives would be privatised. Labour MP and former historian Michael Cullen moved that

vote: Internal Affairs be reduced by $150,000 from the appropriation of $10.419 million for output D1: National Archival Services. This is so that the money will not be available to pay for the cost of this restructuring of National Archives.

The motion was lost by eight votes. While he voted against the motion, Minister Cooper was on record as saying ‘I could almost vote for this.’ Cooper’s attitude reinforced the archiving stakeholders’ views that the reforms were official-driven, not politically-driven.

Cullen had earlier called the reforms an ‘extreme and absurd application of fashionable theories of state organisation.’ He elaborated on this claim when he addressed the 1998 Archives and Records Association of New Zealand conference:

Where there are broad ongoing matters of policy development and debate of significance and, usually, controversy, such a [functional separation] can at times have a purpose. It is in no way essential but it can be useful under certain circumstances.

Equally, it should often be approached with caution and ruled out if the circumstances are not appropriate. This surely is the case with respect to National Archives. The policy issues involved are not, and should not be, matters of continuous revision and controversy. The underlying principles, that I will come to in a minute, have considerable durability and permanency. It is, indeed, of the essence of the archival role that it is about permanence and solidity, a firm historical, legal, institutional and constitutional rock to which the record of government and public affairs can be tethered.

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58 Sandra Lee, Michael Cullen and Graeme Lee, 14 September 1995; Sandra Lee, Margaret Austin, Michael Cullen, 5 October 1995. [Hansard.]
60 Warren Cooper, in Parliament, 5 October 1995. [Hansard.]
But the creation of separate policy units or ministries has the opposite effect. Their job, in order to justify their continued existence, must be to be in a permanent state of policy evolution, a bunch of free market Maoists let loose upon whatever bit of the body politic they are directed at. Once stability has been achieved they can be downsized or abolished.

We see this phenomenon most clearly in the education sector in such organisations as the New Zealand Qualifications Authority (NZQA) and the Education Review Office (ERO). NZQA must keep proliferating qualifications and so they proliferate. ERO must have lots of bad reports to justify its ongoing role and existence. And so it does.

A policy unit separate from National Archives is a recipe for instability and witless change. For once, so-called professional capture, that is archivists daring to have and express views about how to organise and run archives systems, is preferable. And as for purchasing oversight, as the Treasurer/Minister of Finance in waiting, I have to ask what Treasury is for if it cannot manage to bully meek and mild archivists into providing some coherent justification for the money they are seeking.62

Following their protests and the consultation with Blakeley, the Archives and Records Association of New Zealand (ARANZ) asked a Queen’s Counsel for an opinion about the legality of the new structure.63 They were concerned that the Chief Archivist would lose some of her statutory powers under the new arrangement. This legal opinion was ‘unequivocal’ – the restructuring was illegal:

The three principal concerns [Gillespie Young and Watson acting for ARANZ] have are as follows: 1. That the proposed division of National Archives into separate units is itself illegal and contrary to the scheme of the 1957 Act. 2. That the delegation of powers of the Chief Archivist’s powers as proposed in the scheme is illegal and contrary to the scheme of the Act. 3. That the function of the Chief Archivist as set out in s6 may not be delegated.

The Queen’s Counsel from whom we have obtained the opinion has suggested that if Cabinet is not prepared to reverse its present Cabinet Minute, or if new legislation authorising the proposal is not enacted, then it would be appropriate to issue a notice of proceeding seeking a declaratory judgement.64

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63 A Queen’s Counsel is a senior barrister, a title only awarded to about ten percent of barristers.

64 Letter from law firm Gillespie Young Watson to Roger Blakeley, 6 November 1995.
ARANZ reported this legal opinion to the State Services Commission, who in turn referred the matter to the Solicitor-General John McGrath. The Solicitor-General acknowledged that the issue was difficult and he was not surprised that there were differing legal opinions about the restructuring. The key question was, how much power did the Secretary of Internal Affairs have to direct the Chief Archivist to delegate some of her powers to a manager of an archives provision unit? Section 6 of the 1957 Archives Act stated that the Chief Archivist shall be an employee of the Department of Internal Affairs and, under the general direction of the Secretary for Internal Affairs, shall be charged with the custody, care, control, and administration of all public archives deposited in the National Archives and the performance of any other duties prescribed by this Act.

The Solicitor-General outlined his opinion thus:

In the present case I consider the line should be drawn on the following basis. The power given the Secretary of Internal Affairs extends to giving direction to the Chief Archivist as to the manner in which the National Archives are administered. A direction may include a requirement that within the relevant section of the Department the Chief Archivist must differentiate in the allocation of duties to subordinate officials between the specification of the standards to be met and the provision of those services. What however cannot, in my view, be done is to require that the discharge of any aspect of the statutory functions be removed from the Chief Archivist’s responsibility. In other words the Chief Executive can direct the manner in which the Chief Archivist should discharge her responsibilities but cannot give directions of a kind that would require her to abdicate the statutory functions stipulated in the Act.

The Solicitor-General went on to recommend that the General Manager of Archives Business report directly to the Chief Archivist, not the Secretary for Internal Affairs. He said that it was up to the Chief Archivist to decide how much of her statutory powers she would delegate to the General Manager:

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66 Letter from Solicitor-General, John McGrath, to David Bradshaw, State Services Commission, 5 December 1995.

67 McGrath to Bradshaw, 5 December 1995.
A direction from the Secretary of Internal Affairs as to the manner in which the National Archives is to be administered by the Chief Archivist will inevitably affect the scope of that officer’s free choice in exercise of his or her functions. The direction may also leave the Chief Archivist with little choice but to delegate some of the statutory functions. These intrusions are implicitly contemplated by the Act. In my view whether there is to be a delegation should be the decision of the Chief Archivist who will have to decide whether there are practical alternatives to delegation that will better meet the requirements of the direction she has been given.68

Blakeley responded to this opinion by re-stating his case to the Solicitor-General. He linked the functional separation to the requirement he faced under the State Sector Act and the Public Finance Act to protect the government’s ownership interest in the Archives. Ownership interest referred to the future viability and long-term value of the asset. Blakeley said that the government’s ownership interest in Archives had two components: the collection itself (whose growth had to be managed) and the business that administered them. He asserted that these could and must be managed separately to avoid a conflict of interest if he was to protect the government’s ownership interest in the Archives.69

Blakeley wrote that having the General Manager report to the Chief Archivist perpetuated

…the current situation where the Chief Archivist is placed in a position of conflicting interests as the regulator, the purchaser and the principal service provider in the public archives sector. In logic the accountability for specification and delivery should not flow through one person. At the higher level the Secretary for Internal Affairs and Chief Archivist have statutorily separate responsibilities in key areas.

Unless the ‘ownership interest’ is attended to, either in the manner we had envisaged or some other way, a further conflict of interest will continue to arise as the Chief Archivist continues to be the statutory regulator of both the activities and the services that she is accountable for delivering, and those activities

68 McGrath to Bradshaw, 5 December 1995.
69 Letter from Roger Blakeley to John McGrath, Solicitor-General, 12 December 1995. Ownership interest refers to the future viability of the organisation. In the case of Archives it would refer to growth and preservation of the collection, plus the soundness of the ‘business’ operation – was the Archives incurring debts, entering into unwise long-term lease agreements, investment in staff training, and so forth.
undertaken, or services provided by other providers of archives appraisal, storage or administration. 

The Solicitor-General’s reply to Blakeley was clear: the scope of the Chief Archivist’s powers under the Archives Act – being responsible for the custody, care, control and administration of all public archives deposited in National Archives – encompassed the ‘business management of the human, physical and financial assets of the National Archives Business.’ Consequently, McGrath said the chain of command must go from the Chief Executive, to the Chief Archivist, then to the General Manager. Any functional separation had to take place below the Chief Archivist, with all units reporting to her. The Chief Executive could direct the Chief Archivist to implement a functional separation within National Archives, but the Chief Archivist would have the statutory power ‘to decide how to implement that direction.’

McGrath’s other comment on Blakeley’s proposal was to question the line relationships between the Advisory Board and the Chief Archivist. He did not consider it appropriate for the Advisory Board to provide advice to the General Manager, as he or she would be subordinate to the Chief Archivist, and to also report to the Chief Executive, who was the Chief Archivist’s superior. The Advisory Board needed to report to the Chief Archivist.

The Solicitor-General’s proposed structure for the Archives is reproduced below.

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70 Blakeley to McGrath, 12 December 1995. Italics in original.
71 McGrath to Blakeley, 29 January 1996.
McGrath also criticised Blakeley and Internal Affairs for trying to subvert the existing law, with which as public servants, it was their jobs to comply:

I have read the draft directions and charter. I have problems with the way a number of passages are expressed. An unfortunate impression is conveyed that the statutory requirements are seen to be inconvenient.\(^73\)

The Solicitor-General’s legal advice left Internal Affairs with no choice but to have the General Manager report to the Chief Archivist, or to change the archives legislation to fit the new public sector management paradigm.

\(^{72}\) Blakeley to McGrath, 12 December 1995.
\(^{73}\) McGrath to Blakeley, 29 January 1996.
The low political priority given to a new archives bill became a major hindrance for Blakeley. He claimed that the 1957 Act ‘entrenches practices and relationships that are neither practical nor appropriate in modern public sector accountability regimes.’\(^{74}\) A new Archives Bill had been drafted and circulated in 1992 and again in 1994. In June 1995 the manager of Internal Affairs’ new policy unit stated that while the new Bill was an improvement upon the 1957 Act,

> … its proposed institutional framework is inconsistent with what is currently being proposed. … it would in my view be inappropriate to advance the present Bill in light of the concurrent policy developments. Instead we should give priority to a new Bill that combines the proposed new institutional framework (when approved) with the provisions in the Bill that advance good archives management consistent with the new framework.\(^{75}\)

The Internal Affairs policy unit had formally taken responsibility for the new archives legislation in 1996. In practice, Internal Affairs officials and archives staff had always worked together on the new drafts; it had never been the domain of one group of staff. Tim Horner, the policy unit manager, outlined the advantages of having a specialised policy unit. Such a unit had a wider perspective than those involved in the activity, so the advice would be better. The Government increasingly wanted advice that took into account wider Governmental objectives and this could be more effectively achieved by a larger unit; and small units that did not have regular contact with Ministers or the legislative process found it difficult to provide quality advice.\(^{76}\) While this is an argument for strategic policy advice, it is also an argument against professional capture.

A new draft archives bill was circulated for comment in June 1996. The Archives Advisory Committee made substantial submissions on it; submissions were also received from over forty government agencies and other interested stakeholders and individuals. The draft bill did not specify an institutional structure for the Archives except to keep it within the Department of Internal Affairs. It did, however, change the relationship

\(^{74}\) Blakeley to McGrath, 12 December 1995.

\(^{75}\) Memorandum from Tim Horner, Divisional Manager Internal Affairs Policy, to Joel George, Deputy Internal Affairs Secretary, 27 June 1995.

between the Secretary of Internal Affairs and the Chief Archivist. The Chief Archivist was no longer responsible for the ‘custody, care, control and administration’ of archives, although she remained under the general direction of the Secretary:

(1) Subject to the control of the Minister and subject to the general direction of the Secretary, the Chief Archivist shall be charged with the general administration of this Act. (2) The Secretary shall provide such administrative services as may be necessary or desirable for the efficient carrying out of the functions of the Chief Archivist under this Act. (3) Nothing in subsection (1) or subsection (2) of this section derogates from any of the powers specifically conferred on the Chief Archivist by this Act.\(^77\)

The ‘general direction’ of the Secretary was not to impinge on professional issues, but it effectively gave the Secretary more power: he or she took over the provision of administrative services ‘necessary or desirable’ for the Chief Archivist to carry out her professional duties.

Once again, because the archives bill did not contribute to the government’s Strategic Result Areas, it was not given a priority on the legislative agenda. The 1996 general election saw the formation of a National-New Zealand First coalition government. A detailed coalition agreement was negotiated and policies that contributed to the agreement were given priority over policies that did not. Tim Horner claimed that archives failed to make that agreement.\(^78\) Unable to easily change the statutory constraints on the restructuring, Internal Affairs restructured the Archives along the lines advocated by the Solicitor-General.

Despite Blakeley telling McGrath that in ‘logic the accountability for specification and delivery should not flow through one person’,\(^79\) the new model proposed just that. The functional separation took place below the Chief Archivist. ARANZ withdrew its threat of legal action and the new structure was implemented in 1996.

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\(^77\) 1996 Archives Bill, s. 6 (Administration). Bold in original.

\(^78\) Horner, ‘Internal Affairs, the Archives Bill and Local Government Archives’, p. 4.

\(^79\) Blakeley to McGrath, 12 December 1995.
Two new management positions were created, a manager of Archives Business and a manager of the new Statutory/Regulatory Group. Both reported to the Chief Archivist. Archives Business was to act as a provider of archival services while the Statutory/Regulatory Group was a standard-setting and monitoring unit. Its duties included assessing appraisal reports prepared by the Business unit and private archival consultants, liaising with government agencies, and advising the Chief Archivist on

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88 Patterson, *Case Study*, Chart 3, p. 27.
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‘operational’ policy.\(^{81}\) ‘Policy’ policy, including new legislation, was to continue with the Internal Affairs policy unit.

This model addressed a number of concerns. The creation of the Statutory/Regulatory Group lessened the previous conflict of interest between the Chief Archivist being both regulator and provider, making the provision of private archival services more viable. Both groups reported to the Chief Archivist enabling some co-ordination between policy and delivery. Theoretically, the appointment of a General Manager freed the Chief Archivist from daily management of the Archives to focus on more strategic issues, such as promoting electronic records management standards and protocols across all agencies.\(^{82}\) All groups were housed in Archives House, Mulgrave Street, so the Chief Archivist was no longer physically isolated from the business of archiving.\(^{83}\)

In a draft press release to announce and explain the new structure, Roger Blakeley wrote that

> the principle of separation of service provision from policy and regulatory functions was now commonplace under public sector reforms of the last decade. The benefits of such separations have been the avoidance of conflicts of interest, improved customer service, reduced costs and higher quality policy advice to the government.\(^{84}\)

Blakeley also commented that he was ‘confident that the benefits sought in the original management changes would still be achieved under the new arrangements.’\(^{85}\)

No new funding was available for the new structure. The Statutory/Regulatory unit was created with a manager and two staff instead of the proposed complement of twelve staff. The position of General Manager of National Archives Business was advertised, and the

\(^{81}\) Minutes of 6 June 1996 meeting of Archives Advisory Committee

\(^{82}\) Roger Blakeley, Secretary for Internal Affairs, letter sent to all archivists, 26 September 1995, p. 3. This was, of course, an argument made when the position of ‘Director’ was created in 1981. After Hornabrook’s retirement in 1982, however, the positions of Chief Archivist and Director of National Archives were held by the same person.


\(^{85}\) Blakeley, ‘National Archives Management Changes’.
job description specified business skills as a priority over archival skills. There was a
dearth of applicants with suitable skills and the position remained unfilled for over a
year.\footnote{Patterson, \textit{Case Study}, p. 7.} Chris Hurley, who had been the head of the Public Record Office in the
Australian state of Victoria, was finally appointed in 1997.

The new structure had barely been in place before the Archives faced further
restructuring. Blakeley, like previous heads of Internal Affairs before him, was
cconcerned about the unwieldiness of his department and its poor reputation. In 1995 the
department answered to five ministers. It consisted of 11 business groups and 52
business units,\footnote{Smith and Norman, \textit{The Audacious Roger Blakeley}, pp. 2, 6.} and was the umbrella department for many Crown entities, trusts and
other statutory bodies.\footnote{Boston, ‘New Zealand: cautionary tale or shining example?’, p. 225.} In addition, Internal Affairs had ‘…a reputation for being rather
stolid, if not moribund’,\footnote{Boston, ‘New Zealand: cautionary tale or shining example?’, p. 225.} for being ‘unwieldy’ and ‘associated with the \textit{Glide Time} ethos
of the old public sector’\footnote{Smith and Norman, \textit{The Audacious Roger Blakeley}, p. 1. ‘Glide Time’ refers to a play written by Roger
Hall in 1976, later a television series, \textit{Gliding On}, which made fun of pre-1984 public sector work ethics. In \textit{Glide Time} the public servants are in jobs that they don’t particularly enjoy, and are portrayed as
work-averse, risk-averse, and bureaucratic to the extreme - agency theory as comedy.}.

Blakeley’s response was two-fold. He introduced an ambitious ‘change management’
programme, called Focused Change. This sought to challenge the Department’s culture,
before changing its structure and systems in line with its new vision and mission. The
programme ran into problems, however, with concern about both its cost and the
evangelical nature of some of the training programmes.\footnote{Boston, ‘New Zealand: Cautionary Tale or Shining Example?’, p. 225. Boston also notes that Blakeley
ran into problems with the restructuring of the Fire Service Commission and governance issues at the
Office of Tourism and Sport; both these agencies were under the umbrella of the Department of Internal
Affairs.} Blakeley, however, began
changing the department’s structures before the Focused Change programme was
completed. During late 1996 he moved to develop core themes for Internal Affairs’
diverse operations, and to tie these to the government’s strategic objectives of
maintaining strong economic growth and building strong communities in a cohesive
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society. The strategic grouping of functions around these core themes meant previously independent divisions such as the National Archives came under increased central control.

Initially, Blakeley proposed three major themes around which the department’s work were to be grouped: Identity, Executive Government Services, and Community Development. ‘Heritage’ was later separated from ‘Identity’ to become the fourth theme. This was the theme that the Archives found itself grouped with.

The Heritage group

Government involvement in the arts, culture and heritage areas increased during the twentieth century in New Zealand. Reporting lines were scattered across numerous organisations, ministries, and ministerial portfolios, including Internal Affairs. A 1987 Internal Affairs report pointed out that this fragmentation hampered strategic policy formation:

The present fragmentation of the delivery of cultural policy mitigates against the expression of clearly and strongly articulated advocacy of these and many other cultural matters. It results also, to a degree, in a lack of co-ordination. As a result public debate and awareness, and media coverage, tend to focus on parts of the whole, e.g. whether or not the Government should make a greater contribution than it has already decided to the facilities for the Commonwealth Games, or whether a particular arts organisation should be bailed out of a financial mess by the injection of further funds. So long as these situations persist, it remains impossible to develop the type of policy overview which might seriously address questions such as those of present inequalities or inequities.

In the late 1980s, policy development began on the creation of a ministry for the arts, culture and heritage areas. Initially, it was envisaged that the new ministry would also be an umbrella agency for a plethora of agencies scattered throughout the public sector. Internal Affairs looked set to lose the National Archives, as well as its culture and

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92 Bassett, pp. 267-68.
93 Patterson, Case Study, p. 8.
Chapter 6: Internal Affairs versus the Archivists

heritage functions to the new ministry. However, the Treasury successfully lobbied for the new ministry to have a narrow policy brief, and its establishment was not accompanied by any structural reform of the sector. National Archives stayed within Internal Affairs.

Internal Affairs lost its Arts and Cultural Heritage Division to the new Ministry of Cultural Affairs in 1991. Internal Affairs had previously lost Historic Places to the Department of Conservation. By deciding in 1996 to create a Heritage group, Internal Affairs was asserting itself in the heritage policy area, strengthening its claim to its remaining heritage units.

During Stockdill’s tenure as Acting Secretary, Internal Affairs officials discussed creating a new position, a General Manager for Archival and Historical Services. In late 1996, as part of wider department restructuring, Blakeley ran with the idea of a Heritage group, reporting to a Heritage Manager.

‘Heritage’ is an anathema to those holding traditional archival values. Historian David Lowenthal defines heritage as the selective use of history to fulfil current needs. It involves playing up the virtues of the past (sometimes the very recent past) and playing down its vices. Heritage becomes an exercise in national myth-making. Lowenthal’s thesis is that heritage can be dangerous – it leads to a ‘dumbing down’ of history, a lack of real enquiry as to what the truth is, replaced instead by uncontentious simplistic tales designed to make present day people feel good about who they are and where they have came from. Often these heritage tales create false memories, embed untruths and breed intolerance.

97 Jarman, s.5.5, p. 24.
98 Agenda, Internal Affairs Executive Meeting, Wednesday 8 February 1995.
The growth of ‘heritage’ in New Zealand has not been organic; it has been fostered and promoted by governments. The 1987 Labour Party election manifesto read, ‘The Labour Government recognises that promotion of culture, and the arts and an appreciation of heritage are essential in developing a New Zealand identity.’ In the late 1980s, while simultaneously opening up New Zealand’s borders to free trade and selling public assets off-shore, the fourth Labour government promoted heritage via a range of agencies and initiatives. These included New Zealand on Air, an agency which funds local broadcasting programmes, and Te Papa Tongarewa Museum of New Zealand. From time to time critics have complained that Te Papa’s policies or exhibitions place too much emphasis on the populist, at the expense of the uncomfortable or the scholarly.

The current government, led by Prime Minister Helen Clark, who is also the Minister for Arts, Culture and Heritage, has been particularly active in the promotion of heritage. Clark described the role of heritage thus:

New Zealand is but a small nation in an increasingly globalised world. What is unique about us are our arts, our culture, and our heritage. In the twenty-first century, they will define us as the confident, proud, and creative peoples we are.

Our cultural renaissance sits alongside our transition to a new economy, our reassertion of the timeless New Zealand values of fairness, opportunity, and security, and our determination to have our voice heard internationally on disarmament, development, human rights, and the environment. I believe we as New Zealanders can enter the twenty-first century full of pride for the unique contribution we have to make.

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100 Quoted in Jarman, p. 2.
101 For example, ‘Te Papa “Dumbing-Down” Accusations’, 17 October 2001, from: [http://onenews.nzzoom.com/onenews_detail/0,1227,62442-1-7.00.html](http://onenews.nzzoom.com/onenews_detail/0,1227,62442-1-7.00.html) [no longer available], in which the National Association of Scientists, Forest and Bird, and the Environmental Conservation Organisation complained that Te Papa was dumbing-down science exhibitions in order to get more people through the doors and was cutting funding for scientific research. The documentary *Getting to Our Place* includes debate about a Treaty of Waitangi exhibit that led to the topic’s de-politicisation, and promoted nationhood as if this were an uncontroversial or even appropriate value for a Museum. Anna Cottrell and Gaylene Preston (Directors), *Getting to our Place* (Video recording), Wellington, Gaylene Preston Productions in association with New Zealand on Air and TVNZ, 2000; Peter Skilling, *Brave New Zealand: the Construction of a New Zealand Identity*, unpublished PhD thesis, University of Auckland, 2008, Chapter 5.
Upon election in 1999, the Labour-Alliance coalition government commissioned a major review of the cultural sector, with the patriotic title *Heart of the Nation* (HOT Nation). HOT Nation defined heritage in the fashion Lowenthal warned against: ‘We see heritage not as remote and moribund but as a current cultural resource, continually reinvented to meet present needs.’

The evidential value of records depends on their completeness, accuracy and reliability. For archivists, then, the suggestion that evidential records be classified or promoted as heritage was dangerous. The McDermott Miller report argued that the National Archives needed independence from the Department of Internal Affairs, so it could focus on its core business. Within two years, however, the Archives faced the prospect of not only being locked into Internal Affairs, but also losing its stand-alone status within the Department due to incorporation in a new Internal Affairs heritage unit.

How an agency’s core business is defined and who are identified as its core clients influences the placement of that agency in the wider public sector. These factors also influence the agency’s institutional design. The archiving community, arguing from a perspective that emphasised the Chief Archivist’s statutory authority over other government agencies, supported organisational independence. In response to its own need for cohesion, the Department of Internal Affairs made a case for the Archives to be classified, primarily, as a heritage organisation.

McDermott Miller wrote that while the National Archives claimed their primary function was a quasi-constitutional one, in fact, most users of the Archives were genealogists writing family histories. This assessment failed to grasp the way usage figures were compiled: every request was counted as a single request, irrespective of the number of records or files involved. Government users tended to make larger requests than

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genealogists, so their usage figures were under-reported.\textsuperscript{105} The reviewers’ analysis also classified as ‘users’ those requesting records, not those depositing records or availing themselves of the Archives’ records management expertise. Furthermore, measuring the number of users did not provide information on the value of each use (outcomes). Nonetheless, the issue of defining the primary ‘clients’ of the Archives became important as Internal Affairs and the archiving community battled over the heritage model. The number of users became an argument used by Internal Affairs to justify inclusion of the Archives in the Heritage group.\textsuperscript{106}

Blakeley’s original design of the Heritage group is displayed below.

\textbf{Figure 6.4}  
\textit{Proposed Heritage group}\textsuperscript{107}

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\textsuperscript{107} Patterson, \textit{Case Study}, Chart 4, p. 29.
Under this proposed structure, the Chief Archivist reported to the general manager of the Heritage group. She lost her direct link to the Chief Executive and her place on the Department’s Executive Management Team. This reduced her ability to provide input into department decisions that had an impact on the Archives. The senior administrative staff at National Archives reported to the General Manager of the Heritage Unit.

The new customer services, business services, and product development units were to provide services across the Heritage group. According to information provided to stakeholders in June 1997, the Archives would lose several functions to the new units: responsibility for financial planning and reporting, human resource management, internal communications including mail, information management, training, building security, facilities management, and its library.

Internal Affairs claimed grouping activities by function rather than agency would have several benefits including greater efficiency and more effective delivery of services to clients – and would provide opportunities to raise more revenue, without charging for services currently provided free of charge:

> In addition to the potential for more efficient and effective delivery of outputs, there are presently unrealised opportunities for increased third party revenue through joint initiatives in the areas of New Zealand heritage and New Zealand identity.

The product development unit’s focus was to be identifying and investigating ‘opportunities for increasing revenue through new revenue sources and products, as well as repackaging/realigning current products.’ In a letter to a stakeholder, Blakeley wrote that ‘It is anticipated that new products will be developed for heritage information for which there will be a keen demand.’ These new products were not identified.

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108 Patterson, *Case Study*, p. 9.
111 Extract of Business Case for Change and Cost Benefit Analysis, p. 39.
112 Draft letter, Blakeley to Alison Fraser, 28 July 1997.
new customer service unit was to provide a first point of contact for the public, for all units in the Heritage group. Its duties included providing reception and telephone services and to answer correspondence. It was also anticipated this unit would launch new products including exhibitions, events, tours and specialist presentations, and run an on-site retail store. The Business Services unit was to be based on the National Archives business unit, with the addition of the business activities of the other Heritage group units.

Again the Chief Archivist argued within Internal Affairs against their restructuring proposal. She stated that it was at variance with international practice. While she stressed that the Archives did have a heritage role, it was secondary to its constitutional and administrative role:

At all times the Chief Archivist acknowledged that archival authorities do have a heritage/cultural role, as well as constitutional/evidential roles, but insisted that the former is secondary rather than primary in that heritage values derive from primary value as authoritative evidence. The argument, while acknowledged, was not accepted.\(^{113}\)

The Heritage group, Internal Affairs argued, would make the Archives more accessible to the general public. Internal Affairs also argued that (unspecified) synergies would flow from the new management structure.\(^{114}\)

The Archives and Records Association of New Zealand (ARANZ) and other concerned stakeholders lobbied Internal Affairs, the Archives Advisory Board, the State Services Commission and ministers against the proposal.\(^{115}\) When these attempts were not successful in stopping or modifying the Heritage group proposal, ARANZ and the New Zealand Society of Genealogists (NZSG) filed legal proceedings in the High Court of New Zealand against Roger Blakeley and the Attorney-General. They alleged that the

\(^{113}\) Patterson, *Case Study*, page 9.

\(^{114}\) Patterson, *Case Study*, pages 8 and 9.

\(^{115}\) For example: Jim Traue, ARANZ, letter to Peter Wood, Principal Private Secretary to the Minister of State Services (Jenny Shipley), 13 January 1997; ARANZ, written submission to National Archives Advisory Board, February 1997; Ian Wards, ARANZ, letter to Michael Wintringham, State Services Commissioner, 6 July 1997; Waipu Genealogy Group, letter to Roger Blakeley, 25 August 1997.
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Heritage group restructuring was a breach of section 6 of the 1957 Archives Act because it diminished the Chief Archivist’s power over the custody, care, control and administration of public records in the National Archives. The plaintiffs sought a judicial review of the Heritage group proposal. They wanted the proposal declared illegal and further implementation of it to stop. In a later statement of claim the plaintiffs also alleged that the Heritage group proposal was a breach of the Public Finance Act (1989) because Internal Affairs was funding the restructuring from monies appropriated for the National Archives. Under sections 4 and 5 of the Public Finance Act, monies approved by Parliament for one purpose cannot be spent on another purpose.

Blakeley responded with a claim that the plaintiffs’ witnesses had made a case ‘...driven more by philosophical reasons rather than the practicalities.' Indeed, affidavits for the plaintiffs did include many statements about the constitutional and administrative role of a national public archive, and they claimed that the Department of Internal Affairs did not give this function due weight with its Heritage group proposal.

The balance between the constitutional and administrative functions of the Archives, and its heritage purpose, had been an issue during the McDermott Miller review. While McDermott Miller accepted that the Archives had a ‘quasi-constitutional’ role, they nonetheless downplayed the usage of the Archives by government agencies and focused instead on usage by ‘heritage’ researchers such as family historians (genealogists). The balance between heritage and constitutional functions became an issue in the arguments surrounding the Heritage model: whether one should take priority over the other, or whether they could co-exist, or even whether they could be distinguished.

Stuart Strachan, a former National Archives staffer and founding member of ARANZ attested in his affidavit for the plaintiffs that, ‘A notable feature of [the Internal Affairs’

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Heritage Proposal] documentation is the almost complete lack of analysis or discussion of the place, role and function of a national archive.\textsuperscript{119}

The archiving stakeholders were clear about what they considered the proper role of a national archives:

The Secretary’s failure to understand the purpose of National Archives, that its primary function is to act as the constitutional guardian of the record of Government and to make that record available to a wide public, is the cause of the present impasse.\textsuperscript{120}

While National Archives’ role in facilitating efficiency and accountability in public administration through the proper management and disposition (informed preservation or destruction) of non current records is generally recognised throughout the public sector, it does not appear to be recognised in the Department of Internal Affairs’ restructuring proposals.\textsuperscript{121}

It is a misconception that the primary purpose of public archives is for historical research per se. Such use is a recent development in archival history and it is a most worthy one. The primary purpose, however, for the preservation of public archives, is to maintain the record of government to assist the government in its work. It is surprising in this era of Treaty of Waitangi claims, which are almost wholly dependent on the evidence contained in the public archives, that there is not wider recognition, especially at departmental level, of the prime constitutional role performed by the effective preservation of the public record.\textsuperscript{122}

Some affidavits discussed the problems inherent in classifying the National Archives as part of a wider heritage unit. Alison Fraser, a self-employed records management consultant and member of the National Archives Advisory Committee, wrote an affidavit in support of the plaintiffs. Her affidavit focused on the records management function of the National Archives. In her opinion, the Archives’ credibility in the area of records management would be diminished if it was re-branded a ‘heritage’ agency:

\textsuperscript{120} Ian McLean Wards, affidavit, 12 September 1997, para. 17.
\textsuperscript{121} Alison Mary Dalgairms Fraser, affidavit, \textit{Archives and Records Association of New Zealand v Blakeley} [31 July 1998] HC, Wellington, CP 226-97, 9 October 1997, para. 4.
Incorporation of National Archives into a Heritage structure would, in my considered view, seriously and immediately damage the institutions [sic] credibility as the State’s nominated records management control agency. The natural assumption, and almost inevitable reality will be that National Archives has abdicated this role.\(^\text{123}\)

Jock Phillips, historian and acting manager of the heritage unit, replied to these allegations:

The constitutional role of the National Archives as the keeper of Government’s records is not contrary to heritage principles but entirely consistent with a heritage goal. For it is surely one of the most important aspects of our heritage that citizens have a right to call a government to account and it is the National Archives’ role to ensure that the records remain so this can happen. But who is it who calls government to account? It is of course … the historians who call them to account.\(^\text{124}\)

In another forum, Phillips stretched the meaning of the word ‘accountability’ so that it covered not just the actions of politicians and the state, but virtually any investigation into New Zealand’s past including those that would normally come under the cultural or social umbrellas:

… accountability means far more than simply checking up on the decisions and processes of ministers and officials; it is also about making this society accountable for the meanings and traditions which over time it has bestowed on its members.\(^\text{125}\)

Phillips’ use of accountability is not without some support amongst archiving theorists promoting societal concepts of archives,\(^\text{126}\) but the ARANZ/NZSG Joint Action Committee continued to assert that the constitutional and administrative functions of archives were paramount, the heritage functions secondary. The ARANZ/NZSG Joint Action Committee wrote that by Phillips’ measure, ‘virtually any research use of National

\(^{123}\) Fraser, affidavit, 9 October 1997, para. 8
\(^{124}\) Phillips, affidavit, 20 November 1997, para. 10
\(^{126}\) For example, the Canadian ‘Total Archives’ model and other societal approaches that promote archival institutions collecting not just the records of the state, but also records of the society that the state serves. Terry Cook, ‘What is Past is Prologue: A History of Archival Ideas Since 1898, and the Future Paradigm Shift’, Archivaria, vol. 43, Spring 1997, p. 2, retrieved from: http://www.mybestdocs.com/cook pastprologue-ar43fnl.htm, pp. 11-12. See Chapter 3, p. 83 and footnote 65.
Archives, whether the topic be nineteenth century dog licenses or the incidence of deviant sexual practices, would be for accountability reasons.\footnote{ARANZ/NZSG Joint Action Committee, ‘A response to Dr Phillips’, Archifacts, October 1999, p. 53.}

In his affidavit Phillips repeated the sentiment expressed in the McDermott Miller report that the primary users of the Archives were probably historians. He went on to suggest that the needs of these users should be given greater priority:

National Archives does not keep detailed records of who are the readers at National Archives. But it is a very safe bet that the majority of readers are historians and genealogists – people who are exploring the great wealth of records in Archives to make our heritage from the past more meaningful and accessible. It can only improve the service at National Archives if it is more focussed upon the needs of these readers.\footnote{Phillips, affidavit, 20 November 1997, para. 11.}

Phillips ignored the needs of government agencies, a major user of the archives. From the archivists’ perspective, he put secondary usage before primary, a move that further rankled the stakeholders.

Roger Blakeley, first defendant in the legal action, also responded to claims that ‘heritage’ was an inappropriate banner for an official public Archives. He reproduced the mission for the Heritage group that was developed in July of 1997. Among other goals for the new unit was this one: ‘legislative compliance by government agencies with the Archives act [sic] is high’.\footnote{Blakeley, affidavit, 20 November 1997, para. 15.}

The defendants claimed that there would be many benefits for the Archives arising from its inclusion in the Heritage group. Among these was the claim that the historically under-funded Archives stood a better chance of receiving extra funding because ‘heritage’ was a banner more likely to attract support than ‘constitutional’. The funding that the museum Te Papa Tongarewa received was used as an example of funding available for heritage, culture and the arts.\footnote{Jock Phillips, ‘Comment: Archives and Heritage’, 1999, p. 49.} The coalition government that formed at the end of 1996 had a detailed Coalition Agreement. One of the fundamental principles

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  \item \footnote{127} ARANZ/NZSG Joint Action Committee, ‘A response to Dr Phillips’, Archifacts, October 1999, p. 53.
  \item \footnote{128} Phillips, affidavit, 20 November 1997, para. 11.
  \item \footnote{129} Blakeley, affidavit, 20 November 1997, para. 15.
  \item \footnote{130} Jock Phillips, ‘Comment: Archives and Heritage’, 1999, p. 49.
\end{itemize}
underpinning this Agreement was an acknowledgement that cultural heritage and shared history played a crucial role in New Zealand’s national identity.\footnote{Fundamental Principles for Coalition, Coalition Agreement – New Zealand First and The National Party, 3.2 (b), 10 December 1996, retrieved from: http://www.knowledge-basket.co.nz/gpprint/coalition.html} Despite this principle, however, over 35 pages of policy specifics did not include any new initiatives or funding for the culture or heritage policy areas.\footnote{Coalition Agreement – New Zealand First and The National Party, Appendix A, 10 December 1996.} Organisations such as the National Library and the Historic Places Trust had static budgets during this period; there did not appear to be any extra funding for them. Archiving stakeholders alleged that new projects, such as the Library’s new computer system, were funded by staff cuts and the sale of collections.\footnote{ARANZ/NZSG Joint Action Committee, ‘A response to Dr Phillips’, p. 56.}

In an era of falling baselines and no new funding for public sector initiatives, the ‘heritage’ label was no guarantee of a secure financial future. The plaintiffs claimed in \textit{Archifacts}, ‘[It is] a well-documented worldwide trend: in adverse financial conditions overtly cultural institutions are amongst the first to feel the knife. They are viewed as optional expenditure.’\footnote{ARANZ/NZSG Joint Action Committee, ‘A response to Dr Phillips’, 1999, p. 56.}

The Archiving stakeholders also claimed that the Heritage group was a strategic move by Internal Affairs. It was not designed to benefit the National Archives at all; on the contrary, Internal Affairs was concerned to protect its other heritage operations from cost-cutting or redistribution to other departments or ministries. Peter Brooks, a retired public servant and former Deputy Secretary of Internal Affairs from 1973 to 1978, wrote an affidavit for the plaintiffs outlining some machinery of government challenges facing the Department:

… I have some understanding of the problems faced by Internal Affairs and the strategies adopted by Chief Executives to minimise those problems. Apart from local government issues Internal Affairs is the home for activities which do not fit easily into the responsibilities of other departments. While that is a useful, and possibly essential, role in the machinery of government it is one which lacks prestige and creates problems for the Chief Executive. It creates an environment of instability. Internal Affairs becomes a target for raids from other departments seeking to add to their responsibilities and the department has limited ability to protect itself if it cannot show that the role being performed fits into a broader range of responsibilities.
The creation of the Heritage New Zealand business arm can be seen as an understandable and defensible strategy. It would create a more or less compatible group of activities which could not only help fend off attempts by other departments to acquire activities in this area but it might also help to provide a basis for a claim to add to these activities. Internal Affairs would no doubt like to win back responsibility for historic places which it lost when the Department of Conservation was established in the 1980s. But the issue is not what is good for Internal Affairs as an organisation but what is necessary to ensure that the National Archives is best placed and supported to collect, protect and facilitate the use of the raw material which can tell much of the story of New Zealand. I now very much doubt that that place is the Department of Internal Affairs.  

The business case for Heritage New Zealand, the initial name for the Heritage group, said as much:

The heritage units … (within DIA) … with the exception of National Archives are small, vulnerable business units. Heritage has in the past been seen as a low priority area and if an integrated approach to heritage is not established within DIA there is exposure to these either being moved out of DIA or being disbanded. The impact will be reduced DIA baselines.

Opponents of the Heritage group also pointed to the failure of Focused Change and alleged the Heritage group was being pursued by Blakeley as an attempt to have a tangible victory in his restructuring and rebranding. They quoted from the April 1997 Heritage New Zealand business case:

DIA needs a visible win for the change process. Focus change started in the department in July 1996 and DIA has undertaken to achieve its Vision, Mission and Values by December 1997. Heritage New Zealand offers an opportunity to have the proposed changes in place.

The crux of the case, however, centred on the legality of the proposal. Justice Ellis, in his June 1998 judgement, decided that a number of the issues raised were best decided at the political rather than legal level. These included discussion on the true purpose of the Archives, the tension between its heritage and constitutional functions and the need for the Chief Archivist to be an independent officer. Ellis wrote that the plaintiffs had

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135 Peter John Brooks, affidavit, 12 November 1997, para. 5 and 6.
assembled ‘an impressive list of deponents’ who provided evidence that was ‘cogent and compelling’, but that these arguments did not raise matters of law.\textsuperscript{138}

Ellis dealt in turn with the two main pieces of legislation plaintiffs claimed had been breached by Blakeley and Internal Affairs, the Archives Act (1957) and the Public Finance Act (1989).

As with earlier restructuring put forward by Blakeley, the archiving stakeholders claimed that the 1957 Archives Act granted the Chief Archivist wide powers over the administration and control of the Archives. Their statement of claim said that Blakeley intended the Heritage group to centralise a number of administrative functions thus diminishing the Chief Archivist’s powers. In his judgement Justice Ellis stated that it was lawful for Blakeley, as Secretary for the Department of Internal Affairs, to delegate some of his powers to the general manager of the Heritage group.\textsuperscript{139} Ellis was less certain, however, about the appropriateness of the general manager of the group, or its other managers, taking over some of the administrative functions that the Chief Archivist and her staff had previously fulfilled. Ellis accepted that the proposed Service Level Agreements (SLAs) were problematic.

SLAs are contracts that stipulate what services are to be provided and the standard of service expected. They are common devices in the New Zealand public sector where one agency receives services from another agency or from another cost centre within the same organisation. Internal Affairs had proposed the use of SLAs to clarify and regulate the relationship between the Chief Archivist and non-Archives parts of the Heritage group that would be providing her and the Archives with services. An example of this was the Customer Services group, which was to provide reception services for the entire Heritage group. It would have an SLA with the Chief Archivist. In his affidavit of 25 September 1997, Blakeley attested that


\textsuperscript{139} Ellis J., judgement, pp. 19-20.
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The National Archives will have a separate budget in a separate output class which will enable the Chief Archivist to purchase the services. … If the provisions of the agreement are not met and the Chief Archivist is dissatisfied with the services, she will be able to withdraw from the agreement. … If, because of dissatisfaction, she no longer wishes to purchase a particular service … then she will be able to go elsewhere for the services. 140

Justice Ellis considered that this scenario was unrealistic:

While the Secretary states the contracts will be competitive and there are provisions for dispute resolution and termination, the Chief Archivist may well be placed under such budgetary constraints that she is obliged to accept the services offered and this in turn could restrict her ability to perform, that restriction being imposed by the Secretary directly or indirectly, or both. 141

Ellis went on to say that because the service providers will be shared amongst the various Heritage units,

…the Chief Archivist would find it very difficult to remove a service provider unsatisfactory to her but satisfactory to others. The proposal is designed as a rationalisation to save costs and be efficient, but it could possibly be disadvantageous to the Chief Archivist, who it seems will have no control in selection of service providers and be practically, if not legally prevented from terminating the agreement. 142

Ellis commented that the antagonism created by the Heritage group proposal could create problems, because ‘Those persons providing the services could well have divided loyalties and conflicts of interest.’ 143

Despite these reservations, the Justice was not prepared to rule on this matter. The Service Level Agreements were not yet in place, nor was the purchase agreement between the general manager and the Chief Archivist. Ellis stated that ‘Only when final proposals are place [sic] can criticism be pointed and accurate.’ 144

140 Blakeley, affidavit, 25 September 1997, para. 10.
141 Ellis J., judgement, p. 21.
142 Ellis J., judgement, pp. 21-22.
143 Ellis J., judgement, p. 22.
144 Ellis J., judgement, p. 24.
Both the Chief Archivist and other plaintiffs alleged that breaches of the Chief Archivist’s powers were already occurring. Kathryn Patterson, the Chief Archivist, initially refused to lodge an affidavit when asked by the plaintiffs. Under threat of a subpoena, Patterson relented and lodged an affidavit in February 1998. In it she commented on how the restructuring and the appointment of an Acting General Manager for Heritage was impacting on her ability to carry out her statutory duties.

In her affidavit, Patterson noted her strong opposition to the Heritage group proposal and how she believed this opposition cost her her job: Patterson was not re-appointed Chief Archivist when her contract expired at the end of 1997. Patterson documented instances where the Acting General Manager of Heritage made strategic decisions about the Archives that fell within her statutory functions.

The plaintiffs had submitted testimony that suggested the Department of Internal Affairs, and Blakeley in particular, could not be trusted. They alleged that Internal Affairs was already disregarding the Chief Archivist’s statutory duty for the care, custody, control and administration of the archives, by discussing resourcing issues without consulting her. The examples they cited were the decision to close the Records Centres on the advice of the Advisory Board, discussions about the future of Archives House including repair programmes, a possible sale of the building and storage issues for present archives. In addition, the plaintiffs claimed that the Advisory Board had over-stepped its brief by assuming executive powers when commenting on the performance of the Chief Archivist and tendering their own strategic plan for the Archives. The initial statement of claim said that these actions were unlawful as they involved ‘intrusion into the control and administration of the public archives deposited in the National

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145 Bradford Richard Patterson, affidavit, 11 February 1998, para 3. Brad Patterson is the husband of Kathryn Patterson, who was the Chief Archivist from 1991-1998. Brad Patterson was an active member of ARANZ, including serving on its Committee and writing editorials for Archifacts.
146 Kathryn Mary Patterson, affidavit, 23 February 1998.
147 Kathryn Mary Patterson, affidavit, para. 16.
148 Kathryn Mary Patterson, affidavit, paras. 18-24.
Archives.’

A later statement of claim added that Blakeley had allowed the Advisory Board to place pressure on the Chief Archivist to make administrative decisions that were agreeable to Blakeley.

Justice Ellis had some sympathy with the plaintiffs’ assertions. He accepted that there was evidence of the general manager undermining the Chief Archivist (p.23) and that areas that should have been under her control, such as new legislation (p.24) and decisions about the maintenance of Archives House (p.22), were proceeding without consultation of the Chief Archivist. Despite his sympathy with the case the plaintiffs were making, Justice Ellis refused to rule against the Heritage group proposal on the grounds that it contravened the Archives Act by restricting the powers of the Chief Archivist:

It is too early to be able to say that the Secretary’s proposals and the General Manager’s functions go further than envisaged by the Archives Act. … At the present moment the hard evidence is ambiguous and incomplete. When the service level agreements and the relationship between the General manager (as the delegate of the Secretary) and the Chief Archivist are clearly defined, the matter can be scrutinised again. In saying this, I am well aware that subtle inroads can be made into the powers of the Chief Archivist. Much depends on the personalities involved. These subtleties have not hitherto escaped the plaintiffs, who will no doubt continue their vigilance. However, on the evidence to date I am not as a Court of law prepared to say the Secretary has gone too far.

Justice Ellis also ruled on the plaintiffs’ claims that the Heritage group restructuring contravened the Public Finance Act (1989). The Public Finance Act controls the financial activity of the state sector. Government agencies are required to account to Parliament for their spending; money must be spent on the activity it was intended. Agencies cannot transfer funds between output classes without permission from the Executive, via an Order in Council.

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152 Ellis J., judgement, pp. 25-26. Use of both capital M and lower case m for ‘manager’ as in original.
153 Public Finance Act (1989), s. 5.
The plaintiffs asserted that money appropriated for National Archives business was being used to pay for the restructuring of the Internal Affairs’ heritage grouping. Internal Affairs had applied for extra funding to pay for the costs associated with the Heritage group proposal. These extra costs included the General Manager’s salary and new positions in customer services, business services and the new Strategic Development Group. In her affidavit, Chief Archivist Kathryn Patterson stated that when the business case for additional funding was declined, Internal Affairs paid for the restructuring from existing baselines. Each component of the Heritage group was required to contribute funding. As the largest entity in the group, the Archives contributed the most. Kathryn Patterson’s affidavit claimed that $295,000 of depreciation funding from the National Archives budget was given to the Heritage group. She calculated that Archives would have to cut its personnel budget by 15.79% and the operating budget by 15.75% to meet their targets. There was a proposal to cut the written reference service to save funds. Other public services were in line for cessation: tours, exhibitions and outreach work, and reading room opening hours. Patterson says she signed off the transfer of money to the Heritage group, but under coercion.

Ellis ruled that if the plaintiffs’ evidence was correct, then Internal Affairs had indeed breached the Public Finance Act. The Justice reserved his decision, giving Internal Affairs an opportunity to correct the financial irregularities identified:

… it seems the plaintiffs must be right and the monies unlawfully used. However, in such a manner uncertainty is easily removed by disclosure and so I am not at present prepared to make the declaration sought. The matter is reserved for

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155 Kathryn Patterson, affidavit, Annex G.
156 Kathryn Patterson, affidavit, Annex G.
157 Kathryn Patterson, affidavit, para. 39.
158 Kathryn Patterson, affidavit, para. 38.
159 This was alleged by Patterson in Annex G of her affidavit, but Allan Munro, Internal Affairs legal services manager, says the service was not cut. Allan Munro, Internal Affairs, letter to Malcolm Parker, Crown Law Office, ‘ARANZ Judicial Review’, 2 July 1998.
160 Kathryn Patterson, affidavit, Annex G.
161 Kathryn Patterson, affidavit, para. 39.
further consideration, submission, and evidence if need be. I conclude by saying that if the plaintiffs are indeed correct, the Secretary must candidly place before the Court what he proposes to do to rectify the matter.\footnote{Ellis J., judgement, p. 32.}

Justice Ellis went on to say that he hoped the parties could sort out their differences without further recourse to the Courts.\footnote{Ellis J., judgement, p. 33.}

Internal Affairs Chief Executive Roger Blakeley, and Jock Phillips, the acting general manager of the Heritage group, wrote to interested parties to inform them of the judgement. Blakeley wrote to Audit New Zealand, the Solicitor-General, the Department of Prime Minister and Cabinet, the Treasury and the State Services Commission. His letter said that ‘I am pleased to inform you that the Crown was successful subject to two matters upon which the Judge reserved his view. … I share His Honour’s hope that these issues can be resolved without the need for further intervention by the Court.’ He also included a series of short quotes from the ruling that supported Internal Affairs. Criticisms of the Department, made by Justice Ellis, were not alluded to in this letter.\footnote{Roger Blakeley, letter to David Macdonald, John McGrath, Simon Murdoch, Alan Bollard, and Michael Wintringham, 31 July 1998.}

Phillips wrote to the Heritage group, informing them that:

\begin{quote}
The essence of the ruling is that there is no legal impediment to the Heritage group. … I must express my delight and relief that on the substantive issue we are now free to go ahead with the Heritage group. … We must start to rebuild our relationship with two important and valuable stakeholder associations. We can also go forward with some confidence. I believe that we have immense assets within the group, both the human skills and experience of a very able staff and the wonderful treasures which we care for. As we begin to plan with some certainty for the future, I fully expect we will start fulfilling this potential and make a real difference to good government and to New Zealanders’ understanding of their traditions, their history and their constitutional rights.\footnote{Jock Phillips, e-mail to Heritage group, 31 July 1998.}
\end{quote}

In September 1998 Internal Affairs lawyers and financial officers and personnel from the Treasury met with representatives of the plaintiffs to talk through the Public Finance Act
issues raised by the judgement. Internal Affairs’ position was that it had not breached the Public Finance Act. While some money had transferred away from the Archives into Internal Affairs, other monies flowed from Internal Affairs to the Archives. In addition, Cabinet had approved a one-off increase in baseline funding to pay for organisational change, to be paid out of decreased funding in out-years. Internal Affairs called this juggling of its various Votes a ‘fiscally neutral transfer between output classes’ and claimed it was ‘standard practice’ in the state sector. The defendants claimed that Orders in Council were not the only way to vary appropriations; variations in spending within Internal Affairs were legal because they were covered retrospectively by Supplementary Estimates. During the financial year agencies may need to change their spending plans as costs changed or new priorities were identified. Supplementary Estimates are adjustments to agencies’ budgets that are approved by Parliament. The changes to the Archives’ budget had been retrospectively approved but the amended figures did not appear in the accounts until the Supplementary Estimates had been passed by Parliament late in the financial year. The Supplementary Estimates had not been published when Internal Affairs’ Chief Financial Officer Paul Bryant lodged his second affidavit in March 1998. As a result of this time lag a misleading impression was given that there had not been approval for the change.

Following the Ellis judgement the Treasury moved to clarify the legal position of similar changes in other departments’ spending. On advice of the Crown Law Office, Treasury advised Chief Executives that they could, in agreement with their Ministers, increase

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166 Paul Bryant, e-mail to Jock Phillips, Allan Munro and Roger Blakeley, ‘Meeting With Plaintiffs’ Counsel re Archives Case’, 10 September 1998.
168 ‘1998 Budget Baseline Update: Vote Internal Affairs’, CAB (97) M 46/11 E (9), [no date].
their spending in one area and decrease it in another, so long as the two activities were not tied together, and the changes were later approved by Supplementary Estimates.\textsuperscript{172}

Despite the explanation Internal Affairs provided about the changes in funding, the plaintiffs appealed against Justice Ellis’ decision. That appeal was heard in the Court of Appeal in 1999. Antagonism between the two sides continued. While Jock Phillips and Roger Blakeley talked of the importance of rebuilding relationships with stakeholders, they proceeded with the Heritage group, the major impediment to winning the goodwill of the archiving stakeholders. For their part, ARANZ refused to meet with Dr Phillips to discuss matters such as the future of Archives House. Their refusal was partly justified on the grounds of ongoing litigation and partly because ‘… the matters at issue fall properly within the statutory responsibility of the Acting Chief Archivist and that therefore discussions should be with that official.’\textsuperscript{173} ARANZ also rescinded an invitation it had issued Jock Phillips to speak at its 1998 conference.\textsuperscript{174}

\textbf{Conclusion}

Roger Blakeley displayed characteristics of charismatic change leadership, focusing on changing the culture of the organisation he led in accordance with his vision for the future. While this culture change and structural reforms were designed to unify his disparate department, their implementation was top-down and the restructuring of the National Archives was met with resistance from archiving professionals and stakeholders. Blakeley’s lack of understanding about a key policy area he wanted to restructure proved to be a strategic weakness. As the archives case demonstrates, peculiarities of the policy area under review, including, in this case, political ambivalence, can derail the successful implementation of reform.

\textsuperscript{174} Jock Phillips, letter to Thérèse Angelo, 14 August 1998.
While the Heritage group saga was unfolding, there was a significant shift in the context within which the Archives and Internal Affairs were operating. This new context - which was both bureaucratic and political - is the subject of the next chapter. Another series of structural reform negotiations and proposals were undertaken, and archives, as a policy area, was finally removed from the policy change agenda.
Chapter 7: Denouement

You Anglo-Saxons, you should learn that pulling grass up doesn’t make it grow any faster.¹

The plaintiffs failed to win their appeal in 1999. The Appeal Court accepted Internal Affairs’ explanation that the National Archives’ money used to partially fund the Heritage Group was retrospectively approved via Supplementary Estimates and therefore the Public Finance Act had not been breached.² It seemed certain, then, that the National Archives would remain part of the Internal Affairs’ Heritage group. Yet by 2000 the Archives was an independent, stand-alone government department with a substantially increased budget. In the mid-1990s (1993-1998) the archives received between eight and nine million dollars a year in Crown revenue; by 2000/1 this had increased to $12.7m and in 2002/3, $15.99m Crown revenue. An extra $15.6m was set aside for specific projects over eight years. Full time equivalent staff increased from 70 in 1998 to 115 in 2002.³ With the passage of the Public Records Act (2005) the archiving stakeholders’ issues of independent institutional status, adequate resourcing and new legislation were all addressed.

While the loss of the initial court case cleared the way for the Heritage group to proceed, Blakeley’s plans were overtaken by a number of events outside the control of either the

² Archives and Records Association of New Zealand v Blakeley [2000], vol. 1, New Zealand Law Reports 607.
Department of Internal Affairs or the archiving stakeholders. These events were both bureaucratic and political.

**Changes in the Bureaucratic Environment**

The changing bureaucratic environment occurred on two levels. On a macro level, the state sector was re-evaluated and re-oriented towards the end of the 1990s and into the early 2000s. On a more micro level, the culture and heritage sectors sustained a series of reviews. The placement of the Archives was discussed as part of these reviews. Critical mass and economies of scale were arguments in favour of including the National Archives within Internal Affairs’ Heritage Group. These same arguments were raised when the future of the Ministry of Cultural Affairs was explored.

New public management principles continued to underlie the design of the public sector in New Zealand. But as the 1990s progressed, the focus of reforms turned to mitigating the unwanted side-effects of structures and practices inspired by agency theory and public choice theory. The state sector reforms of the 1980s were designed to increase efficiency, transparency and accountability. Mechanisms to achieve these goals included increasing competition, the corporatisation and privatisation programmes, functional separations, clearly specified outputs, and changing from input-based accounting to accrual accounting. The career public service was replaced with an employment structure that more closely resembled market employment relationships. While the goals of operational efficiency, transparency and accountability were achieved, the reforms led to a range of new problems with the performance of the state sector. These included a lack

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5 Robert Gregory, ‘All the King’s Horses and All the King’s Men: Putting New Zealand’s Public Sector Back Together Again’, *International Public Management Review*, vol. 4 issue 2, 2003, pp. 41-58.
of policy co-ordination, weak horizontal relationships, high transaction costs associated with negotiating contracts and with fragmentation, and a decrease in state sector collegiality. Agencies developed what was termed ‘silo mentalities’: as the incentive structure centred on the performance and outputs of their own agency, they had little regard for other agencies or the goals of government as a whole. Other areas of performance were neglected, including strategic management, allocative efficiency and the evaluation of programmes. Schick writes that the neglect of the latter was ‘not accidental; it derived from the notion that government can purchase all the information it needs in the marketplace of ideas.’

Some of these problems were identified early and measures were taken to lessen their effects: in the late 1980s a new structure for Cabinet and officials’ policy committees was established in an attempt to improve policy co-ordination. Problems with strategic planning and government-wide co-ordination were raised in the 1991 Review of the State Sector Reforms. In the early 1990s Strategic Result Areas (SRAs) and Key Result Areas (KRAs) were designed to focus agencies more on government-wide goals. SRAs and KRAs were later abandoned, declared by Allen Schick as only ‘marginally successful’. In 1998 a series of ministerial teams and proposals for more super-portfolios were announced, with the aim of a single minister co-ordinating several areas of activity. Generally, the late 1990s saw a move away from a plethora of small, fragmented agencies working in isolation from each other, towards efforts to reconnect, recoordinate and provide stronger leadership from the ‘centre’ (the State Services

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10 Schick, 2001, generally.
13 Schick, 2001, p. 4.
Commission, the Treasury and the Department of Prime Minister and Cabinet). A major review in 2001 called the Review of the Centre proposed just that: better integrated service delivery, ‘particularly where complex social problems are dealt with by multiple agencies’, less fragmentation, more alignment of agencies with government’s strategic directions, more emphasis on outcomes, creating a stronger public service culture, and greater leadership by central agencies. The review proposed increased networking and ‘circuit breaker’ teams across agencies to solve intractable problems and achieve better integration. The concept of ‘whole-of-government’ was increasingly used and put into legislation in 2004: the Crown Entities Act (2004) stated that the Ministers of State Services and Finance could direct statutory agencies to comply with requirements that support ‘a whole of government approach’.

As well as attempts to increase coordination, the late 1990s saw an increased focus on public sector ethics. As Gambhir Bhatta pointed out, ‘One of the negative effects of creating more institutions that are not in the general ambit of direct Ministerial/Parliamentary control is that there will be disparate agencies that normally end up not sharing the same ethos and values.’

While fragmentation was a factor in a damaged public sector ethos, other reforms also contributed: the State Sector Act dismantled the career public service and some chief executives had backgrounds in the private, not the public sector; employment law

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15 Gambhir Bhatta (2003) defines the ‘centre’ as ‘a department (or a collection of departments) that has broad influence over the affairs of the public sector and that tends to play a coordinating – and in several cases, also a directive – role in the management of the public service. The term is often used as a synonym for central government.’ (p. 4)
16 Report of the Advisory Group on the Review of the Centre, presented to the Ministers of State Services and Finance, November 2001, pp. 4-9 generally, quote on p. 6. These issues were not confined to New Zealand; the need for a stronger centre was also identified in the UK, the Netherlands and Sweden. See Christopher Pollitt and Geert Bouckaert, Public Management Reform: A Comparative Analysis, second edition, Oxford, Oxford University Press, 2002, pp. 174-175. Gambhir Bhatta’s paper, Post-NPM Themes in Public Sector Governance, is about ‘emerging themes’ including an ‘increasing role for the centre’ in post-NPM environments generally, not just New Zealand.
17 Review of the Centre, p. 7. See Robert Gregory, ‘All the King’s Horses and All the King’s Men: Putting New Zealand’s Public Sector Back Together Again’, 2003, pp. 41-58, for a critique of Review of the Centre.
18 Review of the Centre, p. 7.
19 Crown Entities Act, 2004 s. 107
20 Bhatta, pp. 10-11.
21 Bhatta, pp. 10.
changes weakened trade unions and collective bargaining; agencies were encouraged to compete rather than cooperate; and legalistic accountability replaced public-regarding behaviour.22

During the late 1990s there was a noticeable shift towards larger groupings of agencies and a reconsolidation of the machinery of government.23 For the National Archives, this shift towards larger government agencies and an increased emphasis on coordination worked against moves for independence. The question became not one of stand-alone status, but which umbrella department or ministry the Archives should fall under.

In the late 1990s a series of reviews and reports identified problems with the culture and heritage sectors. For the archiving stakeholders, the reviews represented yet more battles to fight but also more opportunities to communicate their problem definitions and solutions.


The problems identified by these reports and reviews were similar: Māori historic and cultural heritage was insufficiently protected and systems for dealing with it were inadequate;25 the sector, overall, faced issues of under-funding and fragmentation, and lacked sector-wide strategic policy capacity. These latter problems had long existed but, in the late 1990s, they resonated with the changing public sector environment.

In 1998 the Ministry of Cultural Affairs presented its minister with a document entitled *Government’s Role in the Cultural Sector: A Survey of the Issues*. The Ministry commented on how funding constraints and fragmentation limited policy capacity:

The fragmented nature of government’s involvement in the sector is the product of decades of fitful policy-making. … The creation of the Ministry of Cultural Affairs in 1991 provided the government with a source of policy advice for its involvement in cultural matters. But this event was not accompanied by the kinds of structural reform that were envisaged before the Ministry’s establishment, and that would allow government to establish clear priorities for funding, or set goals across the sector. … The role played by the New Zealand government in the cultural sector in 1998 is divided among eight government departments, eleven ministerial portfolios, and some thirteen government-owned, statutory agencies. … For these reasons – fragmentation and limited resources – the policy overview and prioritisation of resources that were anticipated in 1991 have not eventuated. … Seven departments (Cultural Affairs, Te Puni Kōkiri, Internal Affairs, Conservation, Environment, National Library, and Commerce) and nine ministers have significant responsibilities in the area of cultural heritage. Because for the most part they are not the core business of these departments and portfolios, cultural heritage protection issues have in many cases been given a low priority.\(^{26}\)

Before the Historic Heritage Management Review was completed, a working party of officials was established to review the entire culture and heritage sectors. This review was called the Culture and Heritage Review. It began in late 1998. The steering committee contained officials from the control and coordination agencies: the State Services Commission (SSC), the Treasury, and the Department of Prime Minister and Cabinet. It also contained officials from the Ministry of Cultural Affairs and other agencies with a culture or heritage interest including the Department of Conservation (DoC), Te Puni Kōkiri (the Ministry of Māori Development), the National Library and the Department of Internal Affairs.

The steering committee noted that the government had not purchased strategic policy advice from the Ministry of Cultural Affairs since its creation in 1991. Some issues the committee identified as requiring ‘substantial work’ included the fact that the government supported some cultural activities, but not others. Which principles should be used to

make these decisions? Instead, the Ministry had focused on monitoring Crown entities and servicing the Minister of Cultural Affairs.

In exploring options for the sector, the steering committee was constrained by the proviso that no new funding was available. The committee noted, however, that extra money may be needed, as ‘the major problem affecting government’s involvement in the sector is related to the lack of strategic policy capacity, and that simply reorganising this involvement will not in itself create increased capacity.’

Debates amongst the committee membership included the need for any new agency to have a certain minimum size, and territorial issues: if a larger culture and heritage agency was to be formed, which component parts of other agencies would move into it?

Roger Blakeley discussed agency size in an e-mail to other Internal Affairs staff. At its present size of fourteen staff, the Ministry of Cultural Affairs was not considered viable by the State Services Commission:

SSC outlined their view that the critical mass is 25-30 people. This is based on looking at existing small agencies within the public sector. Officials had some concern that this was not a particularly robust analysis. I raised the example of the Office of Tourism and Sport, which has only 8 people, has strategic policy and Crown entity monitoring functions and has been very effective.

The Minister of State Services [Simon Upton] told Lyn Provost [SSC] that he was not prepared to support a budget bid for new money for the Ministry for Culture and Heritage.

The net effect is that there is a big gap between the available resources of approximately 14 people compared to the assessed critical mass of around 25.

A range of structural options were canvassed. These included keeping the existing fragmentation, but with better coordination so that policy, funding and communications

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28 Steering Committee, Culture and Heritage Review: Options, para. 56, p. 12, for quote. See also para. 61, p. 13.
were networked; retaining the scope of the existing Ministry but including all culture and heritage activities under the one Minister and Vote (budget allocation); and enhancing the existing Ministry with new functions and activities.\(^{30}\)

The steering committee recommended an enhanced Ministry with a single Vote. Negotiations centred on its scope: broadcasting policy (then with the Ministry of Commerce), Te Māngai Pāho (Māori broadcasting policy, then with the Ministry of Commerce), the Historic Places Trust (then with the Department of Conservation), the National Library (an independent government department aligned to the education sector) and the National Archives (a part of the Department of Internal Affairs’ Heritage group).

The Ministry of Commerce objected to losing the cultural component of broadcasting to a new culture and heritage ministry on the grounds that separating the cultural component of broadcasting from the economic component would be difficult. They also pointed out the transactions costs associated with reporting to two Ministers. The SSC, the Treasury, Internal Affairs, the Department of Conservation and the Ministry of Cultural Affairs all supported broadcasting policy moving to the new ministry, as government funding for broadcasting Crown entities was primarily for cultural reasons.\(^{31}\) The Department of Conservation (DoC) argued that moving the Historic Places Trust from its oversight would remove it from policy synergies such as DoC’s other land-based management functions and Resource Management Act strategic policy capacity. However, the SSC, Internal Affairs, and the Ministry of Cultural Affairs stated that the Historic Places Trust’s role was ‘preservation of cultural and historic heritage … [therefore] Historic Places Trust is a core part of the cultural and historic heritage sector.’\(^{32}\)

The National Library objected to being included in the cultural sector. The Library claimed that 70% of its activities were information or education oriented: information


\(^{31}\) Steering Committee, *Culture and Heritage Review: Options*, paras. 43 and 44, p. 9.

services, support for New Zealand’s information infrastructure and services to schools.\textsuperscript{33}
The Library was outvoted by the other agencies on the steering committee which concluded:

Government’s interest in the National Library is \textbf{primarily} derived from cultural or historic heritage concerns, not \textbf{primarily} from information or educational concerns\textsuperscript{34}

This assertion was not backed by any evidence, but nonetheless made it into the Minister for State Services’ paper for Cabinet. Recommendation ‘k’ of this paper read: ‘Agree that the National Library’s primary alignment is with the Culture and Heritage sector’.\textsuperscript{35}

A memo from Amy Hinaki of the State Services Commission to the steering group provides a clue as to why the committee might have been so keen to designate the Library a cultural institution:

The Department of Conservation does not have an official view on the placement of the National Library. However, it has a general view that the viability and effectiveness of an enhanced Ministry is dependent upon its achieving a broad purview across the culture and heritage sector, in order to adequately influence strategic directions, and on this basis the Department would seek to include as many agencies with cultural functions as possible within the scope of the enhanced Ministry.\textsuperscript{36}

The Library’s perspective was, at least, heard by the committee. The Archives was not represented directly in the review, as its interests were conveyed by the Department of Internal Affairs. The steering committee included Internal Affairs officials, whose Chief Executive was, at that time, being sued by the Archives and Records Association of New Zealand (ARANZ) and the New Zealand Society of Genealogists (NZSG) over the inclusion of the National Archives in Internal Affairs’ Heritage group.

\textsuperscript{33} Steering Committee, \textit{Culture and Heritage Review: Options}, para. 23, p. 5.
\textsuperscript{35} Amended recommendations faxed to the steering committee by Lyn Provost (SSC), 23 March 1999.
\textsuperscript{36} Amy Hinaki, State Services Commission, memo to steering group members, 12 February 1999, para. 34, p. 8.
ARANZ and NZSG made a joint submission to the Culture and Heritage Review about the placement of the National Archives within the single Vote. Their argument was a familiar one: the National Archives primarily had a constitutional and administrative role. Its cultural role was secondary because it was derived from the primary role. The National Archives should be an independent statutory agency.37

Jock Phillips, the acting Heritage group manager at the Department of Internal Affairs, sent his staff a memo warning against getting involved in the constitutional versus heritage debate during this review:

I think you are asking for trouble to try and give primacy to any one of the two core roles. If you argue that the constitutional role of National Archives is primary, you are contradicting the basic assumption which underpins the Heritage group and will be contradicting the actions of this department in the restructuring. If you say the primary role is heritage, you will infuriate some stakeholders.

The fact is that both roles are of very great importance and both provide a reason for the existence of National Archives. Both are included in the Archives Act as providing reasons for the preserving of public archives (section 8). I think you need to argue consistently that it is a mistake to prioritise one over the other; but that from the client’s perspective there is much to be gained by working on the synergies created by links with other heritage organisations. … To acknowledge the equal importance of the constitutional role is not to diminish the logic of involvement in the culture/heritage.38

Phillips also made the comment that in Canada and in the Australian state of New South Wales cultural and heritage roles for archives sat alongside their constitutional ones.39 Phillips’ examples of Canada and New South Wales were included in a draft document for the Culture and Heritage Review:

Officials note that international experience indicates that there is much to be gained from working on the synergies created by links with other cultural and historic heritage organisations. This is the case in Canada and New South Wales.40

37 Steering Committee, *Culture and Heritage Review: Options*, para. 27, p. 6.
38 Jock Philips e-mail to Victoria Crawford, cc’d to Mark Lindsay and Margaret Retter, Department of Internal Affairs, Subject: *RE: Culture and Heritage Review: National Archives*, 1 December 1998.
39 Jock Philips e-mail, Subject: *RE: Culture and Heritage Review: National Archives.*
40 Steering Committee, *Culture and Heritage Review: Options*, para. 29, p. 6.
McDermott Miller had also cited Canada as an example of a culture and heritage super-ministry that contained both the national archives and the national library. But while officials were happy to put the Canadian model forward as an argument for combining archives with libraries or heritage organisations, archivists did not have the same confidence in this arrangement. Sarah Tyacke, former Keeper of the Public Record Office in the United Kingdom described the combining of the archives and library in Canada as leading to a situation where discussions about archival issues struggled to make it ‘out of the basement’.

As part of affidavits for the Court case, the plaintiffs commented that archiving legislation around the world does not, generally, have a heritage focus. Where it does, it is generally as a result of older arrangements or ‘confined to Third World countries.’ Without an expert in archiving on the Committee, Phillips’ claims about Canada and New South Wales were reproduced, unquestioned.

Unsurprisingly, the Internal Affairs view was given primacy over the archiving stakeholders’ submission, which was essentially the argument they were pursuing through the Courts. The Culture and Heritage Review noted that:

This [ARANZ/NZSG] submission has not received detailed consideration as the working party have not found a problem with the National Archives which needs addressing through structural change. … Officials consider that the placement of the National Archives in a single Vote would not diminish the importance of its constitutional role.

The steering group’s draft papers reveal a lack of unanimity. The Ministry of Commerce and Te Punī Kōkiri supported a network over an enhanced Ministry. The National Library wished to be part of a strategic alliance as they did not see themselves primarily as a cultural or heritage organisation.

The majority of the committee favoured an enhanced ministry and that became the official recommendation to the Ministers. The committee recommended a transfer of 3.5 fulltime-equivalent policy staff from the

\[\text{References}\]


44 Steering Committee, Culture and Heritage Review: Options, paras. 28 and 29, p. 6.

Department of Internal Affairs, Department of Conservation and the Ministry of Commerce to the new ministry, with investigations into further transfers of staff.\textsuperscript{46}

The Culture and Heritage Review’s focus was on increasing strategic policy capacity in the sector by enhancing the Ministry of Cultural Affairs. The transfer of policy staff from other agencies, including all culture and heritage agencies in the one Vote and reporting to the one Minister was designed to increase capacity and cohesion. Ministers were also asked to consider an increase in funding and a small increase was agreed to. As part of a further stage in the Culture and Heritage Review, Ministers also agreed to a review of the National Archives and the National Library. This included revisiting the merger option that had been dismissed by McDermott Miller only a few years earlier. Options for these two agencies included being merged, or taking the form of two separate Crown entities.\textsuperscript{47}

The Library was, at that stage, a government department.

Separate reviews of the National Library and the National Archives began. Internal Affairs did not object to this review. Indeed, in its earlier (September 1998) submission to the Historic Heritage Management Review, Internal Affairs raised the possibility of the National Archives becoming a separate Crown entity. In this submission, Internal Affairs said its interests were in seeing greater cohesion for the sector,\textsuperscript{48} with Internal Affairs’ expertise in heritage being utilised. The structure they proposed involved a functional separation: a new Ministry for heritage and culture to provide policy and purchase advice; a new Crown entity (perhaps called Heritage New Zealand/Aotearoa) to provide statutory and regulatory functions plus delivery of outputs; an advisory board with Māori representation; and the non-statutory-regulatory functions of the Historic Places Trust to become a non-government organisation. It was in this context that Internal Affairs suggested Crown entity status for the Archives. Details of this arrangement for the Archives were not discussed in the submission.\textsuperscript{49} It did not, for example, elaborate on

\textsuperscript{46} Amended recommendations faxed to the steering committee by Lyn Provost (SSC), 23 March 1999.
\textsuperscript{47} Steering Committee, \textit{Culture and Heritage Review: Options}, ‘Preferred Option’, p. 5;
\hspace{1em} Amended recommendations faxed to the steering committee by Lyn Provost (SSC), 23 March 1999.
\textsuperscript{48} Department of Internal Affairs, \textit{Submission on Historic Heritage Management Review}, 1998, para. 11, p. 3.
whether the Crown entity was to consist of the delivery function of National Archives, excluding the Office of the Chief Archivist. Did Internal Affairs expect the new and very small Crown entity to continue to purchase services from its Heritage group?

If the government was not interested in such a radical restructuring, Internal Affairs suggested coherence could be achieved by it taking responsibility for DoC’s heritage functions and the Historic Places Trust.50 The Department of Internal Affairs put its case thus: the Parliamentary Commissioner for the Environment’s report had recommended that a ‘ministerial portfolio for historic and cultural heritage be established’ and that, in DIA’s view,

[t]he Cultural Affairs portfolio currently does not have this breadth of function. The new portfolio would need to merge the functions of Cultural Affairs with the historic and cultural heritage responsibilities of Internal Affairs and DoC and other Crown-funded heritage agencies.51

Internal Affairs has also established a Heritage and Identity Team within the Policy Group. The structure of both the Heritage Group and Policy Group will allow Internal Affairs to take on new roles and responsibilities in cultural heritage with ease. This would avoid the problems of critical mass associated with a small policy agency. Synergies exist between many of the Heritage Group functions and those of other agencies in the heritage sector.52

Internal Affairs’ suggestions did not make it onto the agenda of either the Historic Heritage Management Review or the Culture and Heritage Review. The Historic Heritage Management Review (HHMR) recommended an enhanced Ministry for Culture and Heritage, possibly including Internal Affairs’ Heritage group.53 The HHMR recommendations fed into the Culture and Heritage Review, whose steering group also rejected placing the small culture and heritage ministry in a larger department:

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50 Department of Internal Affairs, Submission on Historic Heritage Management Review, paras. 43 and 44, p. 10.
51 Department of Internal Affairs, Submission on Historic Heritage Management Review, para. 12, p. 4.
52 Department of Internal Affairs, Submission on Historic Heritage Management Review, paras. 47 and 48, p. 10.
53 Nick Smith, Minister for Conservation, Heritage Review Recommends Radical Shake-up, press release, 13 October 1998; and Roger Blakeley, e-mail to all DIA staff, Culture and Heritage Review, 14 October 1998.
The option of placing a new enhanced Ministry within another, existing department, was rejected due to insufficient saving from the economies of scale.\textsuperscript{54}

By the time of the 1999 election, a number of outcomes from various reviews had been actioned. The Ministry of Cultural Affairs had become the Ministry for Culture and Heritage in September 1999.\textsuperscript{55} Internal Affairs did not gain any new functions. Instead, its Heritage group reported to the Minister for Culture and was funded out of the cultural and heritage Vote (budget). Officials began a review of the National Library and the National Archives. They also worked on transferring the non-Archives elements of the Heritage group to the new Ministry, final arrangements dependent on the outcome of the Archives review.\textsuperscript{56} Policy staff from Internal Affairs, the Department of Conservation and the Ministry of Commerce were transferred to the new Ministry. This included a transfer of responsibility for new archives legislation, which had been the jurisdiction of the Internal Affairs policy group since 1996.\textsuperscript{57} The Historic Places Trust moved from the Department of Conservation to the Ministry for Culture and Heritage. The next stage of the Culture and Heritage Review began, investigating ‘secondary’ cultural activities such as sport, constitutional identity and cultural education.\textsuperscript{58}

\textbf{Changes in the Political Environment}

The bureaucratic revisions of the culture and heritage sectors in the late 1990s proceeded without any guarantees of additional funding. Some agencies, such as Te Papa, the Royal New Zealand Ballet and the New Zealand Symphony Orchestra, were reported as operating ‘on the very edge of viability.’\textsuperscript{59} The Historic Places Trust’s inability to maintain heritage properties had been recognised in the various heritage reviews but the government’s response had been to propose contestable funding not increased funding. The Ministry for Culture and Heritage claimed that the transfer of responsibilities to it

\textsuperscript{54} Steering Committee, \textit{Culture and Heritage Review: Options}, para. 54, p. 11.
\textsuperscript{55} Ministry for Culture and Heritage, \textit{Post-Election Briefing to the Minister for Arts, Culture and Heritage: Rt Hon Helen Clark}, December 1999, para. 4.8, p. 27.
\textsuperscript{56} Ministry for Culture and Heritage, \textit{Post-Election Briefing to the Minister}, paras. 2.11 and 2.12, p. 14 and para. 2.13, p. 15.
\textsuperscript{57} Ministry for Culture and Heritage, \textit{Post-Election Briefing to the Minister}, para. 1.16, p. 12.
\textsuperscript{58} Ministry for Culture and Heritage, \textit{Post-Election Briefing to the Minister}, paras. 2.17 to 2.20, p. 15.
\textsuperscript{59} Ministry for Culture and Heritage, \textit{Post-Election Briefing to the Minister}, p. 18.
following the Culture and Heritage Review had not been accompanied by the transfer of sufficient resources to meet its expected programme of work. The need to be fiscally neutral limited the potential options for reorganisation and the development of strategic policy capacity. As the State Services Commission noted in its 1999 brief to the incoming Minister, problems facing the state sector at that time included budgets driving strategy, not the other way around, and Ministers, in their purchase capacity, driving down budgets which had diminished the capacity of the sector. The Public Finance Act’s emphasis on outputs (or purchase) and its neglect of ownership issues had, in effect, undermined the capability of the public sector.

There was a dramatic shift in the political landscape at the end of 1999. The Labour Party, in opposition since 1990, won the most votes in the 1999 general election. They formed a coalition government with the left-wing Alliance Party. Fundamental principles and legislation governing the organisation and operation of the state sector were not replaced, the government citing reform fatigue as a problem. But the new government was more pragmatic and less ideological in its approach to state sector organisation and funding. In addition, the arts, culture and heritage areas were all targeted by the new government for immediate extra resources.

The Historic Places Trust provides an example of the change in approach. The Trust is a body with a range of functions that included keeping a register of historic places, public membership, policy advice, and allocation of government grant monies. The Historic Heritage Management Review criticised the Trust’s diversity of functions. It recommended that the Trust keep public membership and its lobbying function, but that money for heritage maintenance and property maintenance become contestable. This was despite the absence of any other bodies to compete with the Trust for heritage

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60 Ministry for Culture and Heritage, *Post-Election Briefing to the Minister*, p. 19.
62 Robert Gregory, ‘All the King’s Horses and All the King’s Men: Putting New Zealand’s Public Sector Back Together Again’, 2003, p. 41.
63 Ministry for Culture and Heritage, *Post-Election Briefing to the Minister*, para. 5.18, pp. 33-35; also, Steering Committee, *Culture and Heritage Review: Options*, para. 46, p. 10.
contracts. Helen Clark, the new Minister for Arts, Culture and Heritage, cancelled these changes in early 2000, stating:

The decision to make the heritage services funding contestable was short-sighted and owed more to ideology than to logic. Firstly, there are no other national heritage organisations in place to compete for services. Imposing contestable funding would have been particularly expensive, and would simply add another layer of bureaucracy to the regime. …Today’s decision is a victory for common sense.64

Clark was Prime Minister in the new government; her claim to the arts, culture and heritage portfolios was a strategic and symbolic move designed to give weight to these previously low-profile sectors.65

Arts, culture and heritage became a top political priority. Supporting culture was tied in with Labour’s themes of strengthening national identity and the promotion of cultural industries such as music and film-making.66 The government commissioned a strategic review and development plan for the culture sector, Heart of the Nation (HOT Nation). The sector also benefited from significant funding boosts. In its first budget, the new government announced an $80 million ‘cultural recovery package’. In addition to this funding, there were one-off increases in budget for the New Zealand Symphony Orchestra, the Historic Places Trust and some other organisations. The National Library received an extra $3 million to fund extra purchases and to improve electronic access. Funding for the Ministry for Culture and Heritage was increased, to ‘enhance its ability to advise on cultural policy and to cover a range of transferred responsibilities.’67

The former historian Michael Cullen became Finance Minister. For the first time, archives policy was placed near the top of the political agenda and had two well-placed champions in Clark and Cullen. Motivation for change at the highest political level enabled archives policy to be ‘solved’, that is, to finally leave the agenda.

Archives New Zealand and the Public Records Act (2005)

While he was in opposition, Cullen had spoken publicly about the need for the Archives to have independence; once in government, he delivered. The new government announced that the Archives would report to an Archives Minister and have its own Vote. The Archives’ budget and staffing were to increase. A new archives bill would be given top priority on the legislative agenda. The National Archives would become an independent stand-alone department as soon as possible. Officials were instructed to work on implementing the new archives policy.  

The new institutional arrangements took place without Chief Archivist Kathryn Patterson or Chief Executive Roger Blakeley, key players in the 1990s battles over archives reforms. Neither Patterson nor Blakeley had their contracts renewed when they expired in 1997 and 2000 respectively, although Patterson continued on as Chief Archivist until June 1998. Given Patterson’s staunch opposition to the functional separation and the Heritage group proposal, Blakeley’s refusal to renew her contract was unsurprising. She was also married to Brad Patterson, one of the more outspoken stakeholders. While both Pattersons were clearly opposed to the changes suggested by Blakeley, it cannot be assumed that wife and husband agreed on strategies for challenging the reforms. Nor can it be assumed that the actions of ARANZ, of which her husband was on occasions President (as well as editor of Archifacts at other times), made Kathryn Patterson’s job at Internal Affairs any easier.

Internal Affairs advertised the Chief Archivist position in April 1998. The department wrote to stakeholders asking them to encourage any suitable applicants to apply. Alison Fraser, a self-employed records consultant, replied to Internal Affairs’ invitation thus:  


I have reviewed the Profile and unreservedly believe there to be no more suitable candidate than the present incumbent. Through my involvement in Records Management, both from a practitioner point of view and that of a Consultant, I have had dealings with several Directors and Chief Archivists and thus believe I have a sound basis for comparison. In both her professional and administrative experience Mrs. Patterson evinces all the competencies and knowledge which you identify as being demanded of this role. In addition to these she is held in the highest regards by Archives and Records Management practitioners as well as senior Government officials. In my opinion, you could find no more suitable person. In view of the foregoing I must decline your invitation to suggest another candidate.\footnote{Alison Fraser, letter to Jock Phillips, 7 May 1998.}

Patterson stayed in the position until June 30, when she was replaced by Chris Hurley as Acting Chief Archivist. Hurley was an Australian with both archiving and management experience. He had been appointed to head the new National Archives Business in 1997. Hurley was also a keen archives theorist and the New Zealand situation provided the potential to trial some of his ideas about archives legislation.\footnote{Richard J. Cox and David A. Wallace, (eds.), \textit{Archives and the Public Good: Accountability and Records in Modern Society}, Westport CT., Quorum Books, 2002, profile of Chris Hurley p. 338.} In September 1998, the process for appointing a new Chief Archivist was put on hold because ARANZ and NZSG decided to appeal the High Court decision that the Heritage group proposal did not undermine the statutory authority of the Chief Archivist. Internal Affairs needed to wait for this process to be worked through as the outcome could impact on the new appointee’s reporting lines. Hurley continued on as Acting Chief Archivist and oversaw the initial stage of rewriting the 1957 Archives Act.

Blakeley had been a ‘vigorous exponent’ of the management philosophies of the late 1980s and the 1990s, one of its ‘strongest defenders’.\footnote{Jonathan Boston, ‘New Zealand: Cautionary Tale or Shining Example?’, in R. A. W. Rhodes and Patrick Weller (eds.), \textit{The Changing World of Top Officials: Mandarins or Valets?}, Buckingham, Open University Press, 2001, pp. 224 and 217.} His tenure at Internal Affairs had, however, been marred by resistance both within Internal Affairs and without, and public and political scrutiny over the Fire Service, the Office of Tourism and Sport, and, of course, the restructuring of the Archives.\footnote{Boston, ‘New Zealand: Cautionary Tale or Shining Example?’, p. 225.} Jonathan Boston, in a profile of Roger Blakeley that is largely positive, wrote that ‘the repeated public criticisms have taken

\footnotesize{70} Alison Fraser, letter to Jock Phillips, 7 May 1998.  
\footnotesize{73} Boston, ‘New Zealand: Cautionary Tale or Shining Example?’, p. 225.
their toll, detracting from [Blakeley’s] efforts to improve the department’s image. Blakeley was described by Boston as a leading ‘mover and shaker’, but the political and bureaucratic climate was changing. Blakeley left the core public service to become the chief executive of the Porirua City Council in 2000.

The process of separating the National Archives from the Heritage group was not entirely smooth; there were arguments about allocation of the Archives’ budget and how the change would be managed. The Heritage group claimed they would be financially disadvantaged when the Archives left and took their overhead monies with them. Hurley advocated that the Archives should separate from the Heritage group immediately rather than wait for its new institutional status to be finalised:

The Chief Archivist needs authority to negotiate a financial exit with DIA and also the ‘muscle’ which comes from having a Minister concerned solely with its affairs. Without separation, [the General Manager] Heritage has responsibility and authority to direct and approve these exit arrangements.

Hurley, an Australian, noted with some frustration that New Zealand officials seemed to be using ‘lawfully assigned responsibilities and accountabilities’ to frustrate change rather than to facilitate it. For his part, Jock Phillips stated that,

… in my own view my own experience and understanding of National Archives was a voice worth having at the table … Chris [Hurley] said that his basic concern was that he, not me, had control of the negotiations with the department concerning the terms of financial disengagement from DIA.

Phillips told the Minister for Archives that the Archives should not be the sole body providing advice on the separation as a host of other interests had a stake in the outcome of the change. Internal Affairs, Phillips said, should be consulted because ‘National

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74 Boston, ‘New Zealand: Cautionary Tale or Shining Example?’, p. 225.
75 Boston, ‘New Zealand: Cautionary Tale or Shining Example?’, p. 224.
Archives comprised about 15% of the whole of the department and its departure would have a major impact on the department.79

Establishing the new department did meet some resistance from some senior state sector officials. They argued against the rapid move to department status, preferring instead that the Archives Review (established under the Culture and Heritage Review) continue and decisions about the appropriate form and placement of the Archives flow from that process.80 Lyn Provost of the State Services Commission advocated the Archives become a semi-autonomous organisation within Internal Affairs. She raised the question of what would happen if the Archives were to become a department or a Crown entity but the Archives Review recommended some other organisational form. It would be difficult to make a change. Semi-autonomous status would grant some independence to the Archives, be a good transitional arrangement and provide plenty of time to update the Archives Act, find a suitable Chief Archivist and be sure about the nature of the changes. The Archives could buy services from Internal Affairs, or, as the Archives Minister suggested, even from the State Services Commission.81 Furthermore, Provost argued that moving to department status with speed denied stakeholders input into the outcome. Indeed, the Select Committee which considered the Archives, Culture, and Heritage Reform Bill, which separated the Archives from Internal Affairs and made two other changes to culture and heritage policy, spent only 37 minutes on the Bill and heard no submissions due to the tight timeframe.82 After initially equivocating, the Archives Minister, Marian Hobbs, was clear about government policy in the face of officials’ objections: the Archives were to become a stand-alone department.83

79 Jock Phillips, Notes of Meeting with Marian Hobbs, Chris Hurley.
80 Chris Hurley, National Archives Governance Arrangements, Paper for Minister Responsible for National Archives, 26 April 2000, para. 3.
83 Meeting with Hon Marian Hobbs, 2pm 18 January, 2000 re National Archives; Marian Hobbs, Minister Responsible for the National Archives, letter to Mark Burton, Minister of Internal Affairs, 15 March 2000.
The McDermott Miller report had advocated Crown entity status for the Archives and certainly that was the favoured form for government agencies in the 1990s. So why did the government push for department status?

In one respect, the department form for the new organisation, Archives New Zealand, is not optimal. Because of their constitutional role, it is desirable that official archives are administered independently from the government of the day. Experience from Australia demonstrates how corruption can occur when government Ministers are able to direct records management and archival staff about the destruction of records. Officers of Parliament or Crown entities have a greater distance from the government of the day than departments do; in theory, they are less likely to be subject to government interference. Departments are under direct ministerial control and Ministers are held accountable for their performance. Departments can be created, restructured, or disbanded by the executive, without consultation with Parliament, the presentation of legislation or scrutiny by select committees. Officers of Parliament, such as the Ombudsman, report directly to Parliament, not the government. Crown entities are statutory authorities. Each Crown entity has a piece of legislation outlining governance arrangements. These vary greatly, but generally Ministers have less direct control over Crown entities than they do over departments. Most are governed by boards, who sit between the Crown entity and the Minister.  

Given the circumstances, however, choosing the department form represented the path of least resistance. There was no need to negotiate the composition of the board with battle-weary stakeholders. Department status signalled that the Archives were a part of core government. While departments can be restructured and disbanded easily, they can also be established relatively easily. The government had originally wanted the new department established by July 1, 2000 but logistics determined the date at October 1, 2000. This was less than one year after the election of the new government. While some legislative changes had to be made, for example relating to the employment relationship

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between the Secretary for Internal Affairs and the Chief Archivist, and staff transfer issues,\textsuperscript{85} it was a much less complicated process than establishing a new Crown entity. The issue of potential Ministerial interference was addressed in the new Archives legislation, the Public Records Act (2005). Section 12 of the PRA states that the Chief Archivist ‘is not subject to directions from the Minister’ on the issue of appraisal (what to keep and what to destroy). The Public Records Act does, however, allow the executive government to pass regulations that over-rule other decisions made by the Chief Archivist (s. 63), for example regulating the manner in which public records are destroyed. Stakeholders who had long advocated a more powerful, more independent Chief Archivist were unhappy with this provision.\textsuperscript{86}

The passage of the Public Records Act (2005) took longer to achieve than the Archives’ independence. Archives New Zealand published a discussion paper on the new Bill in May 2001. The Archives decided to start the new Bill from scratch rather than update the 1996 Bill, which had been extensively circulated and was the recipient of submissions. Officials explained this approach by claiming that the 1996 Bill did not reconcile archives legislation with Official Information Act or Privacy Act provisions, nor did it deal adequately with electronic records.\textsuperscript{87} Some stakeholders were unsettled by the discarding of the 1996 Bill and expressed concern about the ‘blue skies’ approach of the new legislation.\textsuperscript{88}

\textsuperscript{86} Brad Patterson, ‘Military Manoeuvres’, \textit{Archifacts}, October 2001, page ix, commenting on draft proposals.
At the August 2001 ARANZ conference, Chief Archivist Dianne Macaskill predicted new archiving legislation by Christmas (presumably Christmas of that year). Concerns about its contents meant it was four years before the Public Records Act was passed.

In its discussion paper, Archives New Zealand identified potentially contentious aspects of the proposed Bill: widening the scope of the regime to include all records from all government agencies including universities, state-owned schools, State-Owned Enterprises, Crown research institutes, the Inland Revenue Department and Statistics New Zealand; the right of Archives New Zealand to set mandatory record-keeping standards on current records, including the requirement that certain kinds of records be created; and the ability of agencies to decide the release date of records without the input of Archives New Zealand.

Chris Hurley had theorised about stages of archives legislation in the 1990s. He described the first generation of archives legislation as focussing on the establishment of an archiving authority to provide custody of historical records for research. At this stage agencies had discretion about the treatment of records before they were deposited in the Archives. Hurley’s taxonomy categorised the second generation of legislation as more activist with the archiving authority directing agencies to manage their records in certain ways. Records management and archiving started to blend in this model; the continuum model was promoted. The focus was on rules, such as when records must be transferred to the archiving authority. Hurley advocated a third generation of legislation, one in which custody was irrelevant: standards would specify outcomes and it would be up to agencies to meet these how they saw fit, so that ‘the archives regime may exercise its

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89 Dianne Macaskill, answering questions at the August 2001 ARANZ conference, 24 August 2001, notes made by the author.
92 See Chapter 3, p. 84 this thesis, re continuum model.
responsibilities without ever attaining physical possession of the records.’\textsuperscript{93} The third generation of archives legislation was a theoretical model only, and contained principles of distributed custody or the post-custodial model of archiving. Hurley advised against trying to implement it in New Zealand: the Archives Minister wanted minimum controversy and in Hurley’s assessment the archiving stakeholders would not be receptive:

The problem with trying to implement this model into NZ now is that it conflicts with the expectations of our key stakeholder groups – both within and outside government. Worse, so far as the outside stakeholders are concerned, they are now wary and suspicious of any ‘attack’ on the traditional model owing to the recent history of restructuring attempts under DIA. Not only have these attempts failed, but (as the professional assassin tells the OAS in Day of the Jackal) they have queered the pitch for anyone else wanting to ‘reform’ Archives by putting the stakeholders on their guard.\textsuperscript{94}

Nonetheless, some third generation concepts found their way into the 2001 discussion paper and the final legislation. Government agencies would determine access to their own records in accordance with the provisions of the Official Information Act and the Privacy Act. Agencies would be responsible for maintaining their own electronic records and the systems necessary for accessing them. Archives New Zealand would set mandatory standards that agencies must meet.\textsuperscript{95} Even though a continuation of the custodial approach was suggested for paper records (that is, paper records would transfer to the custody of Archives New Zealand after 25 years), stakeholders such as ARANZ were not impressed. Brad Patterson wrote an impassioned attack on the distributed custody provisions in the 2001 Discussion Paper:

… regardless of the evidence of past custodial transgressions by departments and agencies, the Discussion Paper implicitly advocated placing more, not less, discretion in the hands of those departments and agencies. In the interests of ensuring ‘future flexibility’, a ‘distributed custody’ (read post custodial) model was mooted as a future probability, in particular for electronic records. Such a model would mean creating agencies would increasingly be permitted to retain their records in-house. Any

\textsuperscript{93} Hurley in McKemmish and Piggott, pp. 224-5.
\textsuperscript{94} Chris Hurley, email to Mark Lindsay, Ministry for Culture and Heritage, dated 23 December 1999.
dangers in the approach, or so it is suggested, would be obviated by Archives New Zealand promulgating ‘standards’. It was also proposed in the Discussion Paper that the revised legislation explicitly exclude the Chief Archivist from any role in determining access provisions, restrictions on the availability of records and archives being solely determined by creating departments and agencies. As far as possible, access provisions should be aligned with existing provisions of the Official Information and Privacy Acts.  

Archives New Zealand stressed that distributed custody would only apply for electronic records, but stakeholder groups such as the New Zealand Society of Genealogists urged members to write submissions about ‘some disturbing ideas’ in the discussion document.  

ARANZ and other stakeholders met with the Minister and officials to lobby for changes. Stakeholders were still unhappy with certain aspects of the final form of the Bill. One provision, that agencies had the ability to restrict access to records indefinitely, received some media attention. Under the proposed new regime agencies would transfer paper records to Archives New Zealand after 25 years, but, unless the transfer was deferred by mutual agreement, the depositing agency was required to classify the records as either open or secret, or to place conditions upon access. Access could be restricted indefinitely. While the Chief Archivist could advise the agency on access classifications, the decision was the agency’s, not hers, and there was no appeal procedure. The Chief Archivist and Archives New Zealand were obliged to meet any conditions on access. This contrasted with the Australian regime where access to records is, with few exceptions, automatic after 30 years. The New Zealand Public Records Act requires agencies to specify a reason for restricting access (s. 44). It states that in deciding whether to restrict access, agency heads ‘must consider whether there are good reasons to restrict public access’ and must take into account advice by the Chief Archivist. However, the decision is entirely with the agency head and no guidance for ‘good reason’ is provided except conflict with another piece of legislation (s. 44).

96 Brad Patterson, ‘Military Manoeuvres’, 2001, pages ix-x.
98 Brian Easton, ‘Cutting Off the King’s Head’, *New Zealand Listener*, 4 May 2002, p. 38.
State-owned enterprises (SOEs) objected to their inclusion in the new Archives regime because of compliance costs and commercial sensitivity. The SOE Act requires SOEs to operate as efficiently as private sector businesses, but externally imposed record-keeping and archiving standards and rules imposed costs that private sector companies did not face. SOEs were also concerned about the possibility of commercially sensitive records being made public. The Government Administration Committee, the multi-party committee of MPs that heard submissions on the Public Records Bill, rejected the SOEs’ fears. They noted that the public could already request records from SOEs under the Official Information Act and that commercial sensitivity was a legitimate reason for refusing such requests. The Public Records Bill did not stop SOEs restricting access on those grounds.100

The Minister for Archives New Zealand, Marian Hobbs, claimed that the government was committed to openness, but the issues were complex. Different records needed to be treated differently and people wanting access to records at any stage could use the Official Information Act for this purpose.101 Speaking out against restrictions on access, historian Susan Butterworth claimed that legislation such as the Official Information Act and other legislation were already being used to restrict access. Butterworth’s own example was the Criminal Records (Clean Slate) Act (2004). This legislation automatically wipes the criminal records of people after a period of time, providing their original crimes were minor and they have not reoffended for a number of years.102 Butterworth’s research speciality is the New Zealand Police. After the passage of the Criminal Records (Clean Slate) Act, her access to Police gazettes was restricted to those 100 years old or older. The reason given was to protect the identity of people who might be eligible for clean-slaying. Butterworth called the application of a 100 year time frame ‘ludicrous’ and worried that the Public Records Bill would enable such restrictions on information to continue.103

In her submission on the Public Records Bill, former Chief Archivist Kathryn Patterson said that in her experience department heads generally wanted to restrict access to information, not allow it.\(^{104}\)

Freelance investigative journalist and author Nicky Hager said there were good provisions in the new legislation such as the requirement to make and keep records – he asserted that this had been a problem with some agencies in the 1990s. But he claimed that the Public Records Bill had been ‘got at’ by those heads of government agencies who would rather some of their information was never seen.\(^{105}\)

The Public Records Bill was eventually passed into law in April 2005, becoming the Public Records Act (2005). It contained provisions many stakeholders regarded as positive: mandatory record-making and keeping standards; an annual report to parliament on the state of record-keeping in government; and the creation of an Archives Council to give advice to the Minister. The Act precludes the Minister from directing the Chief Archivist on disposal decisions (s.12). As with the 1957 Archives Act, agencies cannot destroy records without the Chief Archivist’s permission (s.18). While this legislative provision did not stop illegal disposal in the past, changes such as adequate resourcing for the Archives, its ability to set mandatory record-keeping standards, an annual report to Parliament on the state of public sector records management and regular audits of agencies, mean that Archives New Zealand is better placed now to educate public sector agencies on their records management obligations.

Universities had expressed concern that the Public Records Bill did not differentiate between records relating to the governance of universities and the records produced in the normal process of scholarly research and teaching.\(^{106}\) The Bill was amended to address this difference. Academic staff and students tend to retain the intellectual property of their research, teaching and assessments; ownership, usually, is not held by their institution. Section 4 of the Public Records Act specifically excludes the work of

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\(^{104}\) Kathryn Patterson, Submission on Public Records Bill, 4 November 2004.


academic staff and students from being classified as official records, ‘unless the records have become part of the records of that institution.’

Stakeholders had expressed a range of concerns about the Public Records Bill and its 2001 Discussion Paper. For the most part, the contentious aspects of the Bill were not changed. Despite their disquiet, ARANZ issued a congratulatory press release when the Public Records Act was passed into law. They thanked the Minister, the Chief Archivist, the staff at Archives New Zealand and the wider information management community for all their input and looked forward to making the new regime work.¹⁰⁷

After decades of policy neglect and years of fighting reforms that were either ignorant of archival values or in conflict with them, archives issues were finally ‘solved’. The increased budget and institutional independence for the Archives has enabled archival values to come to the fore. Archives New Zealand has created a records management programme, Continuum: Create and Maintain, that promulgates records management standards across the public sector. It has been able to phase out charging for appraisal work, enabling staff to prioritise their appraisals according to professional judgements, not financial ones.¹⁰⁸ Removing charges for appraisal removed the market for appraisal: Archives New Zealand is no longer competing with private sector records appraisers. With the competitive appraisal market eliminated, the Chief Archivist’s conflict of interest as both a provider of appraisal services and an approver of the appraisals of competitors, was eliminated.¹⁰⁹ For Archives New Zealand, the strategies of marketise and minimise no longer apply.

Chapter 8: New Zealand’s National Archives: An Analysis of Machinery of Government Reform and Resistance, 1994-1999

All theories are flawed, all practical systems have their weaknesses and unintended consequences and reverse effects emerge out of all forms of social engineering. But governmental policy on public management suffers if, in invoking what appear to [be] cogent theoretical ideas, reformers are then unable or unwilling to test the validity of these theories against practical experience.¹

Prior to and during the period that the National Archives came under pressure for organisational reform, archivists and their supporters were clear about the problems the Archives faced and consequent solutions. Their problem definitions and solutions were rooted in the professional values of archivists. These values were derived from archival history and theory and were supported by international guidelines, such as those by the International Council on Archives (ICA).² The archivists’ ethic about the role and purpose of an official national archive determined the machinery of government options that were acceptable to them.

The institutional design reforms suggested by the non-National Archives officials and by consultants McDermott Miller followed broader public management trends of new institutional economics and managerialism. The managerial reforms the archives faced included hard, soft and charismatic change. As these public management reforms evolved in the pattern identified by Bouckaert, the problem definition and the solutions offered evolved too.³

Managerialism was evident in the reform proposals the Archives faced, from McDermott Miller stressing the need for managers to be in charge of, and less collegial with, professionals, through to Roger Blakeley’s penchant for constant restructuring. Blakeley’s attitude towards change reflected that of Tom Peters in *Thriving on Chaos*. Within days of becoming chief executive of Internal Affairs, Blakeley told his executive team:

> In modern organisations, change is constant. Someone described it as rafting in ‘permanent whitewater’. While this can be unsettling it is both natural and exciting. The opportunities for us all are there to be taken. I look forward to sharing this exciting future with you all.  

Blakeley’s ambitious Focused Change programme of organisational culture change emphasised the need for all Internal Affairs staff to unify around its key missions and values. Such a strategy can serve two purposes. It can facilitate organisational change by clearly articulating goals and by energising those staff who share the leader’s values and beliefs. It can also reduce agency costs by encouraging staff (the agents) to adopt the clearly articulated values of the leader (the principal). Employees who do not share the key missions and values of the organisation, however, may become alienated from the organisation and its leadership, developing a ‘resistance’ culture that increases agency problems and costs. This was clearly the case with the archivists, where opposition to change was evident among the National Archives staff as well as outside stakeholders. The staff at the National Archives were warned against involvement in campaigns against reform proposals and Kathryn Patterson came under fire from Roger Blakeley for her behind-the-scenes opposition to his plans. In a letter about her 1997/8 performance agreement, Blakeley told Patterson,

> I also have continuing concerns in a number of other areas and specifically: the absence of proactive, positive and enthusiastic leadership and support from you for organisational change including the introduction of the funder provider split and the configuration of the National Archives Business, and the development of

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4 Roger Blakeley, Memo to executive team, 20 April 1995.  
the Heritage group. While I appreciate that you have had some reservations about these approaches I expect, nonetheless, that you will give clear support to organisational policies once these are agreed. In my view you have frequently given mixed signals on these issues, most recently in stakeholder fora, which have impeded our ability to build support and understanding for the proposals, with both staff and external stakeholders.\(^8\)

Kathryn Patterson had argued against reform proposals\(^9\) and had presided over an organisation where professional values drove management practices.\(^10\) The Heritage group placed Patterson beneath a general manager more disposed towards the reforms and removed her from wider management roles in the Department of Internal Affairs. While this may not have been Blakeley’s motivation for the Heritage group, the lessening of Patterson’s influence and role would have made the implementation of his desired changes smoother.\(^11\)

Focused Change fits Ferlie and Geraghty’s definition of ‘soft’ managerial reform in that it sought to integrate staff across the diverse department into one organisational culture.\(^12\) This programme of organisational change included staff attending five day live-in workshops that had, as one attendee described, ‘Cultural Revolution overtones, pop psychology and religious revival flavour’.\(^13\) The National Archives was required to help fund the Focused Change training budget. If archival values had been used to decide spending priorities, one imagines the training budget would have been allocated to professional archival development, rather than training that sought to inculcate the Archives further into Internal Affairs’ culture and processes.

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\(^11\) Blakeley responded to a question from ARANZ about whether the Heritage group proposal was simply a response to clashes between the Secretary and the Chief Archivist, with the comment that ‘It is the Department of Internal Affairs’ policy not to comment on any matters that are confidential between the department and members of its staff.’ Roger Blakeley, ‘Answers to Questions for the Minister of Internal Affairs’, to Peter Dunne MP, 21 November 1997.
Ferlie and Geraghty characterise ‘hard’ managerialism as high levels of control over professionals via the regulation and monitoring of their performance. Hard managerialism was evident in McDermott Miller’s recommendations about the correct relationship between the Department of Internal Affairs and the National Archives. McDermott Miller based this ideal relationship on their stated principles of public sector reform. They stated that the Department of Internal Affairs should:

…act on behalf of government as purchaser of specified archival services… National Archives would, as a semi-independent provider, enter into negotiations with the Department regarding the nature and cost of these services and would be accountable for delivering a specific range of measureable outputs which contribute in tangible ways to the government’s outcomes. The Department would monitor and review National Archives’ service performance…

McDermott Miller’s recommendations that the Archives increase their forecasting and produce more financial datasets, also fits with Ferlie and Geraghty’s ‘hard’ managerialism.

New institutional economics provided the theoretical underpinnings for the reforms of the New Zealand state sector from 1984. The McDermott Miller review in 1994 explicitly stated the public management reform principles upon which it was based, and these correspond with the general tenet of public sector reforms in New Zealand until this time. These principles included using contracts to specify the services the Government was purchasing; transparency between objectives and the means used to achieve them; the need for contestability in policy advice and service delivery; the separation of policy advice from service delivery; clarity of mission statements; devolution of authority to managers and a flatter management structure; stronger emphasis on customer goals; and labour market flexibility. Administrative cloning has been identified as a feature of new public management and it was indeed a feature of the McDermott Miller proposal.

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14 Ferlie and Geraghty, pp. 431.
15 *McDermott Miller Report*, p. 43.
17 *McDermott Miller Report*.
18 *McDermott Miller Report*, p. 3.
for the National Archives. This bore a striking similarity to McDermott Miller’s recommendations for the Fire Service the previous year.\textsuperscript{20} A Steering Committee member is on the record demonstrating optimism about the universality of the reforms, and ignorance about the Archives Act, with the comment that they doubted, ‘that deregulation in the Archives area would be any more difficult to achieve than the deregulation successfully managed in other areas of the state and private sectors.’\textsuperscript{21}

McDermott Miller’s problem definition arose from the principles of public sector reform that they applied to the Archives. The problems that they identified included the dominance of professional values over managerial values; the multiple functions of the Archives (the provision of policy, regulation and services); and Archives’ management participating in the wider Internal Affairs management team instead of maintaining a narrow focus on their own organisational goals. Reflecting public choice theory, McDermott Miller were concerned about capture, stating that archivists had used professional arguments to secure themselves monopoly powers enshrined in law.\textsuperscript{22}

Scholars who promote the logic of professionalism insist that monopoly is essential to professionalism, which involves an organised occupation having,

\begin{quote}
…the power to determine who is qualified to perform a defined set of tasks, to prevent all others from performing that work, and to control the criteria by which to evaluate performance. …The organized occupation creates the circumstances under which its members are free of control by those who employ them.\textsuperscript{23}
\end{quote}

This position asserts the power of professionals – not managers or markets (consumers) – to determine what, how and by whom work is carried out. This strong advocacy of professional control is in direct conflict with managerialism’s need for managers to control professionals; public choice theory’s concerns about inefficiencies arising from capture; agency theory’s quest for principals to determine the activities and outputs of


\textsuperscript{21} Unnamed member of the Steering Group commenting on the draft McDermott Miller report, to Gareth Chaplin, State Services Commission, 3 November 1994.

\textsuperscript{22} McKemott Miller Report, s.4.10.3, p. 64.

agents; and neoliberalism’s concerns with deregulation, competition, and promotion of consumers’ rights.

The late 1980s and 1990s public sector management reforms had a focus on government’s purchase interest: whether it was receiving value for money for the outputs it was purchasing from the public, or private, sectors. By comparison, the government’s ownership interest, the long term capacity of the public sector, was neglected. Indeed, a short term focus on purchase considerations can undermine ownership interests.\textsuperscript{24} McDermott Miller’s focus on risk included the risk from the Archives’ monopoly status. Apart from that, their conception of risk was narrowly confined to the financial risk of the government’s purchase interest. That is, they expressed concern about the indefinite need for more funding to process and accommodate the inexorably growing collection.\textsuperscript{25} They did not examine the risk to the government as owner of the resource, nor the risk to accountability arising from (for example) poorly funded and promulgated record-making and keeping regimes in the public sector. At the time of the McDermott Miller review, the Archives were valued in excess of $900m;\textsuperscript{26} clearly a valuable asset, yet the reviewers did not raise the politically untenable issue of the risk to the asset which under-funding posed. Strengthening the Archives’ control over public sector record-keeping fits with enhancing the government’s ownership interest, but it does so at the expense of its purchase interest by increasing costs to agencies. The benefits of a comprehensive archiving regime are not always measurable because outcomes are often not observable.\textsuperscript{27} The purchase risk is easier to quantify than risk arising from under-investment in the Archives. As Michael Hodder of the National Archives noted, the reviewers overlooked the wider risk,

\ldots the risks attaching to government accountability through inappropriate disposal or destruction of official records or insufficient or tortuous access to the archives holdings. More work is needed to be done to estimate the degree of these risks and how they balance each other: this will enable a clearer strategy, to both

\textsuperscript{24} State Services Commission, \textit{Briefing for the Minister of State Services}, 10 December 1999, pp. 5-8.
\textsuperscript{26} McDermott Miller Report, s.3.1.4, p. 17.
government and the community, for managing the growth of the collections and access to them.\textsuperscript{28}

The architects of New Zealand’s public sector reforms placed a high priority on organisational structure.\textsuperscript{29} New institutional economics acknowledged neo-classical economics’ acceptance of markets but focused on the importance of institutions to economic performance.\textsuperscript{30} Optimal institutional design was thought to be a key driver of performance: it would improve accountabilities, reduce agency costs and reduce conflicts of interest. Blakeley’s restructuring of Internal Affairs and the series of reviews of agencies in the culture and heritage sector were consistent with a desire to find optimal organisational structures. The Heritage group fitted with Blakeley’s rebranding of the Department of Internal Affairs as more than an ‘assemblage of waifs and strays’. This provided consolidation of Internal Affair’s heritage interests at a time when disaggregation was losing favour. This grouping also positioned Internal Affairs to argue for more heritage work, should a restructuring of the sector take place or operations become contestable. A less charitable interpretation of Blakeley’s motive to strengthen Internal Affairs and its profile in the culture and heritage sectors is to frame his actions with public choice theory: Blakeley was engaged in empire-building.\textsuperscript{31}

Concerns about the fragmentation in the culture and heritage sectors were raised as far back as the 1980s; later, a 1996 report for the Parliamentary Commissioner for the Environment triggered a series of reviews. Problems in New Zealand’s culture and heritage sector were consistent with Bouckaert’s observation that fragmentation led to ‘disconnected single policy capacities’ and a ‘sub-optimal focus on agency outputs not

\textsuperscript{28} Michael Hodder, ‘Review of National Archives: Comment on Revised Draft ECR Paper’, 18 June 1995. This analysis, by a senior National Archives staffer, made it into subsequent Internal Affairs documents about the McDermott Miller report, for example: Office of the Minister of Internal Affairs (Warren Cooper), to Chair, Cabinet Committee on Expenditure Control and Revenue, Review of National Archives, 26 July 1995, para. 19, p. 4.


policy outcomes’. The needs of the wider sector for critical mass and cohesion again led to a tension between the wider public sector needs and the needs of individual policy areas and agencies: the National Library was classified as a heritage agency despite its claims to be a better fit with education; advocacies that the Archives was primarily a constitutional or administrative organisation, not a heritage one, fell on deaf ears.

Organisational structure and placement alone do not determine performance, nor are they solely responsible for creating or solving problems. Clearly the potential for the Chief Archivist to have autonomy, for example, depended on the personalities involved. A series of interviews with former Chief Archivists revealed that the amount of freedom, control, support and neglect they experienced in the position depended very much on the personalities and priorities of the various Secretaries for Internal Affairs that they served under.

Before the mid-1990s, the main problems archiving in New Zealand faced were ignorance and a lack of interest by decision makers and the agencies generating records. At times, Internal Affairs was supportive of the Archives and drew attention to its resourcing needs. Mostly, though, Internal Affairs focused on its other priorities. But it does not necessarily follow that including the Archives in an organisation such as Internal Affairs must be problematic. If other facets of the situation had been favourable, such as adequate funding and a sound public sector record-keeping culture, then many of the problems the Archives faced would have been minimised. Independent status may provide the Archives with opportunities to put their case for more resources directly to Ministers, but this will not guarantee the responsible Minister will be sympathetic or responsive or well enough placed within Cabinet to advocate effectively for the Archives.

There is, however, one aspect of archiving where structure and organisational placement are crucial. This is the status of the Chief Archivist. The Chief Archivist’s powers cut

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32 Geert Bouckaert, 2008, p. 3.
across all government agencies, including Crown entities such as schools and state-owned businesses. Yet the exercise of these powers depends, to a large extent, on the cooperation of the agencies themselves. The Archivist does not, for the most part, know what is being created, nor what is being illegally destroyed. A comprehensive record-making, record-keeping and archiving regime is a cost to these agencies from which they may see little benefit. A Chief Archivist with a low rank in the state sector, even if well resourced, is less likely to be in a position to promulgate archival values to other Chief Executives. For the archiving regime to work, the Chief Archivist must have status commensurate with the powers ascribed her in the legislation.

The shift from fragmentation to greater consolidation in the state sector impacted on the Archives’ chance for independence. Moves in the late 1990s to strengthen the role of the ‘Centre’ in coordinating the state sector has provided a more conducive environment for the Archives’ comprehensive standards-setting regime. But the push for consolidation of agencies led to a situation where the State Services Commission argued against independence for the Archives and for another review.\(^\text{34}\) Other options included locating the Archives in a department other than Internal Affairs and this would have been in keeping with machinery of government trends at that time.

The issue of where to place small agencies with statutory functions continues. While the deficiencies of fragmentation are now acknowledged by officials, the problems they raised about large conglomerate agencies, such as heavy workloads for Chief Executives and the difficulty of coordinating disparate functions, remain.\(^\text{35}\) Placing small agencies in larger ones creates a tension between needs of the wider group and the small agency. The extent of these tensions depends, somewhat, on the personalities involved.

In this case, the issue of agency autonomy and power for small agencies within larger agencies was side-stepped by granting the Archives institutional independence. But the

\(^\text{34}\) Ironically, the State Services Commission was represented in these debates by Deputy State Services Commissioner Lyn Provost, who went on to become the first Chief Archivist of the newly created Archives New Zealand.

general problem has not been resolved. The creation of a Supreme Court in New Zealand in 2004 is one comparable example. The Supreme Court, the highest court in the land, was placed within the conglomerate Ministry of Justice. The Supreme Court has the power to make decisions that impact on other parts of the Ministry of Justice, such as other courts. Administratively, the Supreme Court is dependent on, and subservient to, the Ministry. The priorities of the Ministry of Justice and the priorities of the Supreme Court could be quite different and at odds with each other. The Chief Justice Dame Sian Elias, and other members of the Supreme Court expressed their concerns about such arrangements when they appeared before a British House of Lords Select Committee in 2004. These concerns were framed as self-interest by the local media and government Ministers, with the Attorney-General likening the Chief Justice to a trade union ‘shop steward.’

The focus of media reporting was on the calls of the Supreme Court judges for more control over their resources and a bigger budget. But beneath that lay the more substantial issue of independence versus subservience.

The judicial reviews of the way in which Internal Affairs funded its restructurings have contributed to case law on the Public Finance Act. But they did not resolve the issue of the role and protection of statutory officers within larger conglomerate departments. Justice Ellis did not rule on these issues, preferring instead for the parties to hold discussions to talk through their differences. Court action had been taken in 1990 over a (roughly) parallel situation involving the Māori Trustee and here, too, the issue of the independence of statutory officers was not ruled on:

House of Lords (United Kingdom) Select Committee on Constitutional Reform Bill, Examination of Witnesses Rt Hon Dame Sian Elias, Rt Hon Thomas Gault and Rt Hon Sir Kenneth Keith: Questions 1034-1039, Tuesday 25 May 2004, retrieved from: [http://www.publications.parliament.uk/pa/ld200304/ldselect/ldcref/125/4052503.htm](http://www.publications.parliament.uk/pa/ld200304/ldselect/ldcref/125/4052503.htm)

The Maori Trustee, a statutory officer within the Iwi Transition Agency (successor to the Department of Maori Affairs), ‘fell out’ with the Secretary/General Manager in 1990. The Secretary terminated the Trustee’s appointment and reconferred the office on himself. Although the reconferal was declared unlawful by the High Court and the Trustee reinstated, the Court did not rule on the larger matter of the independence of the office, thereby emasculating the position of the Maori Trustee. The Maori Trustee was instructed that he was not to contact the Minister of Maori Affairs.\(^\text{38}\)

The combination of challenges facing the New Zealand Archives during the 1990s were unique, but other countries have addressed the issues of organisational design, the placement of archives within the public sector and the role of the chief archivist. The 1996 International Council of Archives report *Principles for Archives and Current Records Legislation* recommended that chief archivists should be answerable directly to a government minister (or equivalent).\(^\text{39}\) In response to corruption scandals in Western Australia and Queensland, the need for archivists to be independent from political interference became apparent.\(^\text{40}\) In the United Kingdom, the Public Records Office (PRO) became part of the ‘Next Steps’ management reform process. The underlying principle of Next Steps was that agencies should operate, wherever possible, along commercial lines.\(^\text{41}\) While contractualism, budgetary efficiency and a focus on customer satisfaction were features of both Next Steps and the public sector reforms in New Zealand, the impact on the respective archives differed. Disaggregation was a feature of reforms in both countries and in 1992 a functional separation was considered for the


British Public Records Office. After some debate, the PRO remained intact.\textsuperscript{42} It continued,

\ldots to combine a regulatory function with that of repository and public services. This [was] seen as good value for money and ensures that the ultimate purpose for selecting records for long-term preservation is their present and future use by the people.\textsuperscript{43}

In contrast, the New Zealand Archives came under pressure to split into three separate agencies. Later, when problems with fragmentation were becoming apparent and the trend shifted towards agglomerating agencies,\textsuperscript{44} the issue became one of deciding which larger agency the Archives should be part of. In New Zealand the archiving community complained about the inappropriateness of their placements, which they claimed were not driven by archiving values, but the need for other agencies to have critical mass. In the United Kingdom, on the other hand, the merger of the PRO with other archives, records agencies and manuscript collections has resulted in a stronger central archives. In 2003 the PRO merged with the Historical Manuscripts Commission, an agency that deals with private manuscript collections. They formed a new body, The National Archives (TNA). The merger did not meet with much opposition from the archiving community: the chief archivist retained her access to a senior government minister (the Lord Chancellor) and the merger in effect strengthened the Chief Archivist as director of a nation-wide records and archival network.\textsuperscript{45} In 2006 the TNA also merged with the Office of Public Sector Information, an agency that provides advice on the re-use of government information and Crown copyright, adding to the coherence of the management of official information in the United Kingdom.\textsuperscript{46} In contrast, during the 1990s reforms, New Zealand stakeholders argued in vain for the Chief Archivist to have direct access to a government minister and to be placed high enough within the public

\begin{itemize}
\item\textsuperscript{43} Sarah Tyacke, ‘Records on Two Sides of The World: A Common Future?’, p. 27.
\item\textsuperscript{44} Pollitt and Bouckaert, pp. 82, 174-5.
\item\textsuperscript{46} The Office of Public Sector Information, [United Kingdom] ‘About OPSI: Roles and Responsibilities’, retrieved from: \url{http://www.opsi.gov.uk/about/index.htm}
\end{itemize}
sector to be able to ensure compliance to record-making and keeping regimes from other government agencies.

There are some parallels between the experience of New Zealand’s national archive and the national archives of the United States. Both archives were, for some decades, part of a larger conglomerate government agency. Complaints about this institutional arrangement by archivists in both countries are very similar. In the United States, the archives was incorporated into the newly established General Services Administration (GSA) in 1950. The GSA dealt with federal government ‘housekeeping’: co-ordinating building maintenance, car pools and childcare facilities, for example. It also dealt with a range of information management issues such as telecommunications and data processing. The archives, as part of the GSA, had an emphasis on records management rather than the promotion of culture or history. Some archivists were happy with the records management focus, while others were critical of weakened ties with historians.\textsuperscript{47} Complaints about this placement of the archives included claims that the GSA was not a sympathetic host agency, and that the priorities of the archives were not the priorities of the GSA. One state archivist described the United States Archivist as ‘the subservient … captive dependency of a non-related, unsympathetic agency.’\textsuperscript{48} The archivist was not independent; he had to parrot the line of the GSA whether he agreed with it or not. The head of the GSA, a political appointee, was able to make policy regarding archives despite a lack of expertise in the area. In the 1970s this included the Administrator of the GSA striking a deal with the soon to be ex-President Nixon about on-going control of his Presidential papers and tapes. The head of the GSA gave Nixon permission to retain control, effectively rubber-stamping the destruction of the Watergate tapes. The Archivist was not consulted.\textsuperscript{49} Other complaints involved funding for the archives. As part of the GSA, the archives had to compete

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with more powerful bureaucracies for GSA prioritisation for funding.\textsuperscript{50} During its GSA years, budgets for the archives fell behind those for independent agencies such as the Library of Congress and the Smithsonian Institute.\textsuperscript{51} In 1985, after a five year campaign, the United States archives became an independent federal government agency.

New Zealand archivists and their supporters had similar complaints against the placement of our National Archives within the Department of Internal Affairs. However, while the reform proposals in the United States originated within the archiving community, the New Zealand archivists, during the 1994-1999 period under study in this thesis, were fighting off reforms proposed by ‘outsiders’. The range of reforms proposed included removing the Archives from Internal Affairs, but the options were more varied than whether to keep the Archives as a separate unit within Internal Affairs, or to grant it, as an intact unit, independence. Furthermore, the issues in New Zealand involved wider machinery of government theories and pressures.

This thesis has used the term ‘stakeholders’ to describe those opposed to the reform proposals and not acting in an official capacity on behalf of the National Archives. The archiving stakeholders, however, were not a homogeneous group. While there was universal opposition to the recommendations of the McDermott Miller report, historians were more cautious about the Heritage group proposal.\textsuperscript{52} The Professional Historians Association of New Zealand/ Aotearoa (Phanza) supported the archivists’ concerns about the future of the National Archives in the Heritage group, but they had other interests, too, including the issue of whether this new model would continue to provide work contracts for self-employed historians. Phanza was interested to see what new products and services the Heritage group might provide before passing judgement on the non-


\textsuperscript{51} Generally, Warner.

\textsuperscript{52} Lilburn, 1998, pp. 182-3.
National Archives aspects of it. In the New Zealand Archivist, the journal of the New Zealand Society of Archivists (NZSA), Rosemary Collier distinguished NZSA policy from that of ARANZ:

NZSA supported legal action against the restructuring of National Archives, but we took no stance on the action over alleged diversion of National Archives funds.54

NZSA and ARANZ shared many members. ARANZ had been formed in 1976 as a broad grouping of archivists, records managers and similar professionals, their users and supporters. In 1976 it was felt that the archiving community was too small for a purely professional association to have ‘any persuasive influence on resource allocators.’55 The New Zealand Society of Archivists was founded in 1990 with a focus on professional issues such as promoting a professional identity and carrying out employment surveys, rather than on political lobbying.56

Nonetheless, the stakeholders shared broadly similar values and perspectives on the nature, purpose and role of archives. Their goals were based on these values, which did not change over time. Collier, for example, wrote articles in the New Zealand Archivist deploring various reform proposals Blakeley promoted, for much the same reasons as given by ARANZ and its supporters.57 The reformers, on the other hand, were a less united group whose membership and concerns changed over time. Their framework for deciding appropriate structural arrangements for the Archives shifted as wider public sector management shifted, for example, from fragmentation to consolidation.

Although ARANZ lost its Court of Appeal challenge over the Archives’ inclusion in the Heritage group, protests by the archiving community did have some successes. Section 6

of the Archives Act was used to stop Blakeley’s original function separation plans. Kathryn Patterson is of the view that the quasi funder-provider split that resulted had its strengths: the statutory/regulations group was able to focus on standard setting, an activity that the Archives ‘should have been doing all along.’ Legal action in the High Court stalled the implementation of the Heritage group, so that the Archives were not deeply imbedded in it. Finally, the various protests provided a stage on which the previously low-profile archival values could be asserted and defended. Archival issues received unprecedented media coverage which enabled stakeholders to present and debate archival values in the public sphere and to reiterate their values to senior public sector officials. The media campaign put pressure on Minister Cooper to state his intentions for the Archives. He stated, for the record, that the Archives would not be sold. Politicians from several opposition parties took up the Archives’ case with the government, in response to concerns of their constituents. While Blakeley was able to proceed with the Heritage group, questions about Internal Affairs’ stewardship of the Archives were repeatedly raised. The National Archives’ policy function was removed from Internal Affairs before the change of government in 1999, amid promises of another review. In 1999, the Archives-Library merger was again on the agenda but so too was the possibility of institutional independence and the opportunity for the battle-weary archiving community to reiterate their vision and case.

Reflecting the dominant discourse of public choice theory, McDermott Miller viewed the archivists and archiving stakeholders as a vested interest group with an over-drawn sense of their own importance. Their opposition to ‘the principles of public sector reform’

58 Kathryn Patterson, paraphrased in Tim Robertson, 2000, p. 46. ARANZ President Sheryl Morgan wrote to Blakeley saying that ARANZ saw much to commend the new structure, ‘provided ultimate administrative responsibility remains with the Director and Chief Archivist.’ Sheryl Morgan, letter to Roger Blakeley, 26 November 1996.
antagonised the reviewers. But the nature of the archivists’ protests changed after the McDermott Miller review, from a promotion of values, to using the weight of the law. Subsequent protests included legal challenges alongside an assertion of values. Arguments based on archival values could be dismissed, but the threat of legal action bound the options available to the reformers. The Chief Archivist was unable to fully exercise her powers because of low resourcing and low status, but her powers still existed in law.

The archiving community, though small in number, was able to modify and stall change. This was largely because of section 6 of the 1957 Archives Act, which gave the Chief Archivist a statutory duty for the ‘custody, care, control and administration of all public archives deposited in the National Archive’. This provided some legal protection for the Archives: archival values would determine decisions about operational matters. Nonetheless, the subordination of the Chief Archivist to the Secretary for Internal Affairs and later the Heritage group impacted on her autonomy to exercise her section 6 authorities. Affidavits in the Court cases claimed that Jock Phillips had been making policy decisions, such as reviewing Patterson’s decision not to transfer the Treaty of Waitangi to Te Papa, that legally were the responsibility of the Chief Archivist, and that the Archives Advisory Board had encroached on the Chief Archivist’s territory.61

The low political priority given to archiving as a policy area was, ironically, a major asset for the archiving community during the 1990s. Officials could not drive through proposed structural changes without changing the Archives Act. Despite work on new bills in 1992, 1994 and 1996, the lack of political urgency around the policy area ensured that the new legislation did not progress beyond the calling of submissions for the 1996 Archives Bill. Contentious aspects of the draft bills, such as widening the scope of agencies covered by archiving law, hampered their progression. State Owned Enterprises

SOEs objected to being brought into the ambit of the archives regime. Keeping records beyond their usefulness to the agency itself is a compliance cost not faced by private sector businesses. On the one hand SOEs were directed by the SOE Act to operate as profitably as private sector corporations; on the other hand, new archiving legislation promised to impose compliance costs private sector firms did not face. Understandably, SOEs argued against their inclusion, adding to the contentious nature of the bills during a period when minimising compliance costs and maximising revenue were government priorities. Objections by SOEs were backed by the powerful Treasury.\(^\text{62}\) The distinctiveness of the public sector clashed directly with the requirement for SOEs to compete on a level playing field with the private sector.

Michael Cullen has suggested that the 1992 draft Archives Bill was not progressed because there was no available select committee time.\(^\text{63}\) Apart from this, though, Cullen says the draft bills were too contentious: the underlying archival principles in the new legislation clashed both with the funder/provider split and with the subordination of the Archives within the Department of Internal Affairs’ Heritage group:

… [the] 1985 UNESCO guidelines told us something about the fundamental role of an archive: It requires institutional autonomy. It cannot be submissive to another agency’s interests. There can be no blurring of its functions. The archive alone should exclusively determine its internal policies and professional needs. This kind of status and role cannot sit at all with the funder-provider split that was being sought in all state agencies at the time. It is essential to the idea of a split that policy-making functions would rest with the funder; and the archive itself would be a mechanical provider of services thus commissioned. The provider would obviously not be able to comply with the UNESCO guideline that it should have sole domain over its policies and needs. It couldn’t do the fundamental job of an archive.\(^\text{64}\)

The UNESCO guidelines Cullen referred to recommended that a country’s national archives be situated in the public sector in a way that

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\(^{62}\) Kathryn Patterson, Chief Archivist, letter to Graeme Lee, Minister of Internal Affairs, 17 December 1992.


\(^{64}\) Michael Cullen, *Fifty Years On, How Far Have We Come?*
… prevents the submission of the agency beneath competing interests; eliminates blurring of functions with other professional agencies and disciplines; protects against interference with agency program responsibilities under the color of coordinating authority; and eliminates hampering supervision and control by having little or no professional knowledge of its program responsibilities and operations.\textsuperscript{65}

The guidelines continue with the recommendation that the archives be funded ‘by direct appropriation to the agency by the legislature with authority to budget and expend such funds’, and that it has ‘Exclusive agency determination of the internal policies and professional needs of the agency.’\textsuperscript{66} Clearly the inclusion of the Archives in the Heritage group went against these principles. Blakeley had demanded the Archives contribute to the establishment costs for the Heritage group\textsuperscript{67} and there was potential for the Archives’ administrative function to become buried beneath higher profile heritage interests.

An archiving regime fits with more conservative and bureaucratic visions for the public sector: stability, central control, rules, documentation. While some larger businesses do keep archives of their history, the public nature of the work at the heart of an official archiving regime - agencies assisting democratic accountability by keeping records beyond their usefulness to themselves - has no private sector equivalent. Government agencies under new public management (NPM) make and keep records for purchase accountability, not democratic accountability. That is, expectations about contractual relationships are clearly specified in records and records enable the auditing of performance. Adopting private sector business practices encourages the retention of records that the agency finds useful, but not records that the public may find useful.

\textsuperscript{65} Ketelaar, p. 107
\textsuperscript{66} Ketelaar, p. 107
\textsuperscript{67} Roger Blakeley, Memo to Kathryn Patterson, Jock Phillips, Claudia Orange and Pam Madgwick, ‘Heritage Group: Business Services Devolution’, 9 September 1997: ‘The Heritage Group has identified the costs of the devolved Business Services functions as $206,000. I asked the [Heritage] Group to absorb those costs within baselines through efficiency gains, in the same way as other business groups have done. You have advised me that you are unable to absorb these costs without cutting services to clients of National Archives. I am not prepared to accept that efficiency gains cannot be found that would allow these Business Services activities to be undertaken without additional funding. … Accordingly … I am arranging immediately for an external review to look at your entire design and budget with a view to identifying opportunities for efficiency gains that will allow these Business Services functions to be absorbed without further funding. The cost of the external review will be charged against the Heritage Group and I expect it to be found through efficiency gains on top of the $206,000.’
Theta-type values suggest the public interest in records is holding agencies to account for the proper execution of duties and the fair discharge of entitlements to citizens, rather than (only) holding them to account for their parsimony. Adopting private sector business practices in the public sector does not lend itself to the retention of records past their immediate usefulness. NPM has an implicit conception of records as documents, but does not provide an environment where a strong records and archiving regime can flourish. Such a regime clashes with NPM’s sigma-type cluster of values that centre on efficiency.

This thesis has aligned archiving values with theta-type values.68 These are demonstrated in bureaucracy’s making and keeping of records to ensure the consistent application of rules; to enable citizens to claim their entitlements; to document the relationship between governments and their citizens; to enable the work of scrutinising agencies to take place; and to enable democratic accountability - the public holding the government and its agencies to account. Records tell us about their creators, not just the events they describe: records document process as well as include content. As such, the record-makers themselves are able to be judged. Records management and archiving regimes are part of wider official information regimes that discourage abuses of the system and other corruption.

The sigma-type values of the reformers were evident in a number of policies and reform recommendations in New Zealand. These included the adoption of user charges, even when these undermined archival values, as was the case with charging for appraisal; the valuing of the Archives’ collection even though this value was arbitrary; reduced budgets and the requirement to find money for new initiatives from existing baselines; suggestions from Blakeley that archival services could be contestable; claims from some McDermott Miller review steering group members that monopoly status was a problem, despite the impracticality of significant competition. The functional separation, too, was inspired by sigma-type values: the need to reduce producer capture and increase the

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68 A comprehensive records management and archiving regime also fits with an aspect of lambda-type values: ensuring the resilience of the public sector by building in slack. Records are made and kept just in case they are needed.
potential for competition. Financial expertise was considered more important than archiving or government information expertise when composing the steering committee for the McDermott Miller review and peopling the Archives Advisory Board. McDermott Miller criticised the Archives for not investing more of its scarce resources into financial planning and management. The definition of risk – from increased holdings, from monopoly status – was not focused on the risk to the collection of a weak and leaderless records management culture in the public sector, nor from the underfunding of the Archives.

Archives policy, Michael Cullen asserted, requires stability:

> The policy issues involved are not, and should not be, matters of continuous revision and controversy. The underlying principles … have considerable durability and permanency. It is, indeed, of the essence of the archival role that it is about permanence and solidity, a firm historical, legal, institutional and constitutional rock to which the record of government and public affairs can be tethered. 69

An acceptance of the archivists’ problem definition and values makes this stability possible. If, on the other hand, wider public sector priorities frame the problems, then the problems will change as public sector forces and trends shift. The themes of the archivists stayed the same over decades, while the reformers’ approach changed as pressures on the public sector and the individuals fronting the reform proposals changed. While it is possible for consistency and certainty to result from professional standards, they cannot result from the kind of dynamism and constant reviews the New Zealand public sector experienced during the period under study.

Archives were removed from the policy agenda because of political will, but also because the political will accepted, largely, the stakeholders’ agenda. There was disquiet by some stakeholders over aspects of the Public Records Act and over Lyn Provost and Dianne Macaskill’s appointments as Chief Archivists of Archives New Zealand in 2000 and 2001

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respectively. But on a broader level, the government’s agenda was the stakeholders’; symmetry existed between the stakeholders’ values and the values of well-positioned ministers.

Roger Blakeley had high hopes for the Department of Internal Affairs when he joined in April 1995. In June 1995 he drafted a memo to his staff about his vision for the Department. In it, he said: ‘A statement of organisational values has to be something that accurately reflect the values of staff and that is something that you must help me develop rather than my telling you what I want.’ This desire for a bottom-up process and inclusivity did not eventuate as conflicting values could not easily be reconciled. Clearly Blakeley and the other reformers did not anticipate the nature, scale or persistence of the opposition to their proposals. Their ignorance of the policy area was part of their undoing: unaware of core archival principles, they underestimated the extent to which their proposals clashed on a deep philosophical level with the professionals and stakeholders. Focused Change had effective stakeholder management as one of its themes, yet Blakeley and the other reformers appeared unaware of ARANZ’s history as a passionate and activist promoter of archival values. Ultimately, though, it was ignorance of the law that proved the greatest frustration of reform.

Conclusion
This thesis has given an account of resistance to the machinery of government reform proposals for New Zealand’s National Archives between 1994 and 1999. It has argued that the reform proposals represented a set of values that were incompatible with archiving values. This led to opposition to the proposals by the National Archives staff and the Archives’ stakeholders. The professionals and stakeholders were able to frustrate change because of a peculiar combination of factors. These included the protections of

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71 Roger Blakeley, draft memo to Internal Affairs staff, 12 June 1995. Final copy not in Internal Affairs file.

the Archives Act, a lack of political backing for the officials promoting the reforms and a strong commitment by the archivists to a vision of what an official archive could and should be. The stakeholder group was not homogenous, but represented a coalition of individuals and organisations whose values regarding archives and records were broadly similar. The reformers underestimated the scale of resistance they would face and appear to have been unaware of the provisions of the Archives Act. They were motivated by problems and problem definitions that were not archives-centric but originated from wider public sector concerns: endemic issues of state sector performance; the need to address the weaknesses of conglomerate departments; and coordinating the highly fragmented culture and heritage sector.

This thesis has analysed the case study by exploring the values of each side. It has highlighted the differences between the archivists and the reformers and in doing so, demonstrated points of incompatibility. It has used Hood and Jackson’s classification of values to clarify inherent differences in the way problems were framed and success defined. The theta-type cluster of values with which this thesis has aligned the archivists view success as the fair and equal treatment of citizens and the exercise of due process. The sigma-type values with which this thesis has aligned the reformers view success as the efficient use of money and time.

New Zealand’s process of new public management reforms has impacted on both official records and the archival institution. This thesis uses the logic of the archivists to claim a link between machinery of government issues such as organisational design and placement within the state sector, and the ability of the National Archives to carry out its functions. These functions include the ability of the Archives to promote a comprehensive record-making and keeping culture within the public sector. NPM reforms impacted on records management across the public sector, as well as impacting on the National Archives itself. Reviews of the structure of the Archives mentioned wider records management issues, yet they did not analyse the records-archives policy
area as a continuum. For example, they failed to see the archival benefit of retaining the Records Centre business.\footnote{Office of the Minister of Internal Affairs (Warren Cooper), letter to the Chair, Cabinet Committee on Expenditure Control and Revenue, 26 July 1995, contained the comments, ‘Officials also recognise the need to work towards improved policy coordination in the archival aspects of the information and heritage sectors’ and ‘Although the Records Centres perform a standards-setting function in the market, officials question whether the strategic purposes of managing government archives is served by maintaining an involvement in this business activity’. Para. 20 p. 4 and para. 23 p. 5.}

This thesis has documented some of the ways that NPM reforms have had a bearing on records and archiving in New Zealand. The State Sector Act (1988) removed sector-wide records management responsibility from the State Services Commission, to individual agencies. Agencies became accountable to their ministers, not the state sector as a whole. Strong central leadership on the issue of records management became impossible in a climate of institutional disaggregation and fragmentation. Unable to see the value of records management systems, some agencies decentralised or removed altogether their records management programmes.\footnote{Michael Hoyle, ‘Review, Restructure, and Reform: Recordkeeping Standards in the New Zealand State Sector’, Archivaria, vol. 48 Fall, 1999, p. 61.} Agencies, including the National Archives, faced reduced budgets, which put the retention and storage of records at risk. Poor record-keeping practices undermined the value of the continuum of archives: if records are not made and kept appropriately, there will be nothing to archive. User-charges for some of the Archives’ services were a disincentive for agencies, which were facing falling budgets, to access the expertise of the Archives. Machinery of government reforms, such as the restructuring of some agencies and the sale of others, created a huge backlog of records to be processed. These restructurings complicated the tracing of provenance, a key archival value. The creation of the State-owned enterprise model (SOEs), whereby government trading entities were required by law to act as close to private sector corporations as possible, resulted in a direct clash with archival values. Private corporations do not have to keep records indefinitely and the records they keep are determined by the need to facilitate the business at hand plus some statutory requirements (for example, financial reporting as required by the Inland Revenue Department). Private sector corporations are not required to keep records for democratic accountability requirements.
But the impact of NPM reforms on records and archiving that has been the centre of this thesis are the organisational reform pressures it came under and questions about its placement in the public sector. The proposed functional separations arose directly from the logic of new institutional economics, particularly agency theory, and not archiving. It was not a model tried elsewhere in the archiving world, a fact that appeared to sit comfortably with the consultants proposing it.

This thesis argues that the NPM reforms were ideological. That is, they represented a coherent set of beliefs about the public sector, and these beliefs framed problem definitions and solutions. Despite arguments from NPM’s proponents, the public sector management revolution they advocated was not inevitable; the experience of other countries demonstrates that there were alternatives. During the period under study, the logic of individual policy areas were ignored if they did not fit with the reformers’ values and agenda. The reformers did not explore weaknesses with their model such as the tension between freeing up managers and imposing heavy compliance costs; despite an awareness of transactions cost economics, the agency theory and public choice theory-inspired functional separations and disaggregation were implemented; and the heavy focus on the government’s purchase interest was pursued to the detriment of its ownership interest. The reform process in New Zealand is widely acknowledged as unusual for its comprehensiveness and theoretical coherence. Other countries experienced aspects of the NPM reform set. Archives in these countries, too, were the subject of NPM ‘policy’ issues such as constrained budgets and a requirement to implement user-charges. The New Zealand case, though, is atypical for the application of new institutional economics-inspired machinery of government reforms. Institutional design changes for the official archives in the United States and the United Kingdom, by comparison, accepted the logic of archives to strengthen their position in the public sector.

In Chapter 3, this thesis made a distinction between three different levels of accountability that records can aid. These were categorised as managerial accountability, purchase accountability and democratic accountability. Managerial accountability was
used to refer to managers checking the work of their staff, purchase accountability was used to describe government holding its agencies to account and democratic accountability was the term given to cover citizens holding the government and its agencies to account. Records that meet the first two of these levels of accountability fit well with new public management’s emphasis on managerial control and the contractual nature of relationships between government ministers who ‘purchase’ services and the agencies that they purchase them from. This thesis posits that the use of the concept of democratic accountability is not part of NPM’s accountability frame as it was practised or argued in New Zealand. Proponents may advocate parsimony so that taxpayers’ money is spent wisely, but democratic accountability is a wider concept than efficiency. It includes effectiveness, fair treatment and due process. The making and keeping of records and making it possible for the public to access these records easily and affordably, is important for the legitimacy of the state. These are theta-type values and may clash with efficiency. They require a wider lens through which to view accountability than sigma-type values allow.

As this thesis has demonstrated, the requirements for archives and record-keeping sit more comfortably with the characteristics of traditional administration, where control, precedent and consistency of decisions are ensured through the written record. Despite this, archives and records did not fare well in New Zealand prior to the rise of NPM and some reasons for this are suggested in Chapter 4.

This thesis has answered the question: how did a small group of stakeholders and professionals, supporting a low-profile area, manage to frustrate change? While other policy areas do not have the protection of their equivalent of the Archives Act, some generalisations can be made. The passion and commitment of professionals and stakeholders was crucial to stalling the reform process. Because of this commitment, they were prepared to explore a range of strategies to stymie reforms. The lack of political support for the officials was critical; had government amended the Archives Act in a way that gave the Secretary for Internal Affairs more power over the Chief Archivist, legal action would not have been available as a tactic for the stakeholders. This case
study demonstrates the difficulty of arguing for change when there are differences in the values used to frame problems and solutions. Change is easier to achieve, and agency costs are reduced, when there is symmetry of values between the parties.

Although this thesis has focused on the period 1994 to 1999, a broader historical context has been provided. The history of the archives leading up to the 1994 review by McDermott Miller was important to establish the long history in New Zealand of neglect and ignorance about archival values by politicians and senior officials. Would the Archives have fared differently during the 1990s reform period had their task been better understood and appreciated, or had they received better funding? The National Library again provides a point of comparison; more funding, organisational independence and a wider appreciation of their task, yet their funding was squeezed and they were considered a ‘heritage’ agency when it suited the wider public sector to classify them as such. Nonetheless, the lack of understanding and appreciation of the archivists’ task at the start of 1994 contributed to the vulnerability of the Archives to change proposals from uninformed outsiders. The discussion of NPM reforms in New Zealand prior to 1994 provided a context for the values of the reformers. Reforms proposals for the archives did not exist in a vacuum but followed a pattern that had been implemented in other policy areas such as the environment and conservation area. Details of the archives case study after 1999 demonstrate the ease with which the ‘archives problem’ was solved. It was not a complex or expensive policy area with intractable problems, such as one finds in, for example, health. All that was required was political will and a small increase in government spending. Value symmetry is important in successfully implementing change; so, too, is power.

This thesis contributes to an understanding of the extremes to which NPM reform principles were applied in New Zealand. While many authors have written about the reform experience in New Zealand, this thesis gives an account of a policy area that has

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not been widely considered. It has highlighted a gap in NPM thinking and practice, where the conception of accountability includes managerial and purchase accountability, but not democratic accountability.\(^{76}\)

The archives case study in this thesis suggests some further research directions including conducting a systematic survey of international machinery of government arrangements for official archives, similar to the systematic surveys of legislation undertaken by the International Council on Archives. Such a survey could be complemented by a detailed comparative case study of archives in a select range of countries that adopted NPM reforms to greater or lesser extents. This could compare both the nature of the NPM reforms - for they have not been universal in their application - and the impacts on each countries’ archiving regimes. Comparing the range of NPM reforms and the range of archival impacts would reveal which particular aspects of the NPM menu are more hospitable and which are more hostile towards archival values. Pollitt and Bouckaert’s four strategic responses to pressures to reform public sectors - maintain, modernise, minimise and marketise - may prove a useful taxonomy for categorising the range of reforms. This study would contribute to a broader understanding about the impact of NPM reforms on archiving regimes, and, importantly, also contribute to the public policy and public management literature on democratic accountability. Two further potential areas of study arise from unanswered machinery of government questions in this case study: what makes for the successful inclusion of one agency within another, and, where in the public sector should small agencies with statutory functions be placed?

This thesis provides the detailed background of one case study of NPM-inspired organisational reform for an official archive, and it suggests a framework for further research.

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