100 Years of Public Service

A Centenary Celebration of New Zealand’s State Services Commission

Leading a State sector New Zealand is proud of...since 1913

Souvenir Booklet 2013
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Preface

A publication to mark the 100th anniversary

The State Services Commission is celebrating a century of leading a State sector New Zealand is proud of.

This is a souvenir publication. It marks 100 years since the inauguration of Commissioner control in 1913, and showcases the journey to State sector leadership by the State Services Commissioner today.

This book has been written with the help of historian Redmer Yska, and describes political control of Public Service personnel management in the nineteenth and early twentieth centuries. It explains the origins of the Public Service Act 1912, and talks about the impact of successive Governments, Ministers and Public Service Commissioners/Chairmen/State Services Commissioners.
Foreword Message

Dame Margaret Bazley, ONZ, DNZM, Hon D.Lit
(former State Services Commissioner – one of four – from 1984 to 1988)

As we celebrate 100 years of an apolitical professional public service in New Zealand, public servants can look back with pride on what has been achieved as they meet the challenges ahead.

In 1956 I commenced my nursing career at the then Auckland Mental Hospital, which at that time was part of the Public Service.

Twenty three years later (in 1978) I was appointed to the position of Director of Nursing in the Department of Health Head Office. This was the Chief Nurse position for New Zealand and the most senior position in the public service held by a woman.

Taking this position meant leaving hospitals where I had worked in a world dominated by doctors and administrators, only to enter the male bureaucracy of the Wellington public service. Imagine my surprise when, in middle age, I discovered that I was not equal because I was a woman. For years I was usually the only woman in a crowd of men, giving rise to many memorable experiences, such as being taken to parliamentary committees and put in the front row so that all could see that the Health Department had a woman in its senior ranks.

In 1984 the Lange Government appointed me as the first, and to this day the only, woman as a State Services Commissioner. The State Services Commission was the employer of all public servants and wage fixing authority for the wider State sector. My role as one of four Commissioners involved responsibility for industrial relations, pay fixing, personnel management, and departments in the social sector.

The State Services Commission led the government’s public sector reforms in the 1980’s, including the establishment of the State Owned Enterprises and the subsequent realignment of the Public Service Departments and the implementation of the State Sector Act. The Act established Chief Executives, placed them on a five-year contract and made them accountable to their Minister for delivering outputs to an annual purchase agreement. They became employers of their own staff.

I had responsibility for leading the people aspects of the reforms and was responsible for the management of changes affecting people. We developed policies, set up a redeployment unit, an appointment unit and a social impact unit. We managed the appointments and relocation of thousands of public servants and the impacts of these changes on them, their families and communities.

Equal Employment Opportunities were also on the Government’s agenda. My role in this involved work around the establishment of the Ministry of Women’s Affairs; review and adjustment of pay for the occupational classes mainly occupied by women; establishment of eighteen Public Service crèches around the country; changes to policies impeding the advancement of women; establishment of an Equal Employment Unit; and the introduction of policies for the disabled and ethnic minorities in the Public Service.

The State Sector Act required the Public Service to have regard for the aspirations of Māori people and this work was given a highlighted focus.
In 1988 I was appointed Secretary for Transport; the first Chief Executive appointed under the State Sector Act and the first woman to head a large public service department.

Since then I have continued to work in the public service.

I enjoy working with modern public servants who are these days usually university graduates. I admire their professionalism, their honesty and integrity, and how they appreciate and protect the qualities of a world-leading apolitical service. It is interesting to observe how they adapt their practice to the requirements of the government of the day. I also take a keen interest in the services that they deliver to the people of our country and I am proud to be associated with them.

As a career public servant I observe the way our Public service has evolved and am impressed by every part of it that I have contact with.
Message

Hon Dr Jonathan Coleman, Minister of State Services

There is no doubt that our public service has come a long way since the Commission was first established in 1913. The first Public Service Commissioner (as the position was referred to then) Donald Robertson, was appointed in 1913. He didn’t work alone in that role – at that time there were also two assistant commissioners. The first Minister of State Services, Keith Holyoake, was not appointed until 1963 and now I am lucky number 13.

Since the early 1900’s huge strides have been made through two world wars; a major depression; floods; earthquakes; successive governments and Ministers, some 16 Commissioners (under various titles, including joint tenure), and the usual hefty work requirements involved in working through major programmes of significant change and reform. A key event during this time included the appointment of New Zealand’s first woman State Services Commissioner in 1984, Dame Margaret Bazley.

While now is a good time to reflect on where we have come over the last 100 years, it is also an opportunity for us to look at what is next and where we are headed.

As the current Minister for State Services, I am excited about being part of the most significant change programme for our State sector in a generation. It is not only about maintaining and improving services during a time when we all have to be particularly mindful of every dollar that we spend. It is also about making sure we are providing a Public sector that is working to make things happen – a time of action – to deliver the things that matter most to New Zealanders and to support the demands of our country in a challenging global environment.

The global financial crisis and the great recession have meant real challenges for economic management and the Public Service. We need to think about and plan how we will provide public services that are both relevant and in line with the needs of a modern public. While, at the same time, getting back to surplus and ensuring our government debt stays low. A difference that has not gone unnoticed by other countries.

Being relevant to New Zealanders is about focusing on the things that matter most to all of us: boosting skills and employment; reducing crime; supporting our vulnerable children and improving the way people interact with government. We are doing this by setting tough targets with clear results that will focus and challenge our public servants. We are already getting traction towards achieving some of the targets that agencies have set for these result areas.

These are complex problems that cut across Ministerial portfolios and agency boundaries. So it requires us working in different ways. We are doing this by providing the advice and tools to support a more modern leadership culture in our public service, and of course the change in legislation that will help to manage that.
We are also working with others outside the public sector and outside New Zealand, more and more. There are a great many opportunities to learn from and contribute to the experience of others – such as the United Kingdom experience in public sector reforms and the innovations that have come out of Christchurch as a result of the Canterbury earthquakes. By working more closely together across agencies, businesses, government, non-government, communities, countries and cultures we are in a better position to share the wealth of skill and expertise that will ensure our Public sector delivers innovative services and meaningful results to New Zealanders.

The local and global financial constraints we face now will not be going away any time soon. Making sure we have the kind of public service that can not only deliver core requirements in these tough financial times, but develop and transform itself to respond to challenges and deliver better public services, is not only desirable but essential. We are small enough to think differently, challenge ourselves and act in ways that can make a big difference for us all.

Our State Services Commission is playing a critical role in making sure that happens – not as a ‘big brother’ who is forever on your case and giving you a hard time, but more as someone you can look up to for guidance and support. An organisation that is working with others to lead a State sector that not only New Zealanders are proud of, but is admired by others around the world.

This is a timely moment to acknowledge the reputation we enjoy overseas for consistently topping the International Transparency rankings. We are not perfect, but as kiwis we can be very proud about the lack of corruption in our system – something we are keen to preserve.

We are a nation of doers and inventors with a unique perspective on life. It has never been good enough for us to simply follow along and make the best of things. Looking at what we as a nation and a public sector have achieved so far, it is evident that leading the way and forging our own possibilities is what we are about. All of that makes me excited about the opportunities for ‘what is next’.
Introduction

Iain Rennie, State Services Commissioner – Head of State Services

As we look back over the years (100 to be exact) we observe the many changes that our State Services Commission (SSC) has not only been through, but been instrumental in bringing about. While it is important for us to keep our eyes firmly fixed on the goals ahead, it is equally important to understand and appreciate the journey that has brought us here.

On 7 November 1912, the Public Service Act was passed by Parliament, ensuring merit-based, non-political appointments to civil service jobs. In 1913 the first Public Service Commissioner (as he was referred to then) Donald Robertson was appointed. During his tenure Robertson introduced a series of processes and protocols surrounding staff employment that would largely remain in place for 75 years and lay the foundation for the culture of our public service.

Nearly 50 years later, in 1961, the Holyoake Government set up a Royal Commission of Inquiry into the State Services Commission to review and assess its performance and report back on possible areas of improvement.

In between there was a lot going on, and this souvenir booklet covers most of it, not least of which has included the development and enactment of legislative changes and reforms, such as: the 1962 State Services Act (an update of the original 1912 Act), the 1969 State Services Remuneration and Conditions of Service Act and the 1977 State Services Conditions of Employment Act – the forerunner to our current 1988 State Sector Act that has been central in reforming State sector management in New Zealand.

Over time the New Zealand public service has faced many challenges, and often been adept at turning challenges into opportunities. The 2008 global financial crisis and ensuing recession is a good example, and closer to home, the Canterbury earthquakes that first struck in 2010. Both of these events, whilst devastating in their own ways, have also highlighted a number of opportunities for innovative thinking in the public service. Not only for taking a fresh look at what we do and thinking about what’s important to New Zealanders, but taking action that will make a real difference to people’s lives.

Over the last century our State Services Commission, and the public sector, have had to change and adapt to meet the ever changing needs of New Zealanders. They have done this while providing transparency, taking accountability and working hard to deliver better public services that will make a real difference to people. At the same time they have had to be ever mindful of changes to the global economic environment.

The Commission continues to adapt, grow, innovate, support, advise and strive to be operationally flexible in an ever changing environment. It is the enduring resolve and spirit of kiwis to do right by their country and their people that makes us proud – not only of what has been achieved, but what is yet to come.

It is not only a responsibility, but a great privilege to lead a State sector that New Zealand is proud of.
Chapter 1
A frontier bureaucracy: 1840-1912

New Zealand’s civil service began as an arm of the New South Wales government at the time of the colony’s founding in January 1840. On 6 February, missionary son Henry Kemp joined the service at Waitangi. As a 22-year-old cadet on Lieutenant-Governor Hobson’s staff, Kemp helped translate and transcribe the first complete copy of the Treaty of Waitangi. He is likely to have been the first New Zealand-born civil servant.

In the founding decades of European settlement, mission-born children like Kemp were well represented in the 15 tiny departments of state administering areas like customs and the post office. Fluency in Māori was a near essential skill for employees conducting the Crown’s core business: land purchase. In 1848, as Native Secretary, Kemp would famously buy up much of the South Island from Ngāi Tahu.

After 1856, responsibility for the civil service shifted from the governor to a ministry – a government accountable to Parliament. A job on the public payroll promised a level of security coveted – often envied – in the raw colonial landscape. Departmental jobs, pay and conditions all came under the direct control of ministers.

Staff numbers remained tiny. In 1862, the entire civil service, the premier and his cabinet, all at that time based in Auckland, with all the official papers could fit into a single ship. The Fox government sailed south that year to hold a session of Parliament at Wellington. On 29 June, the steamer White Swan wrecked off the Wairarapa coast, with the loss of all official papers, delaying Parliament’s opening.

Following the permanent shift to Wellington in 1865, an 1866 Civil Service Act set in place an exam system for cadets. By 1867, the service comprised 1600 staff, working to nine ministers.

In 1876, the abolition of the provincial (regional) government system meant an expansion of officialdom in Wellington. The growing service was housed in the wooden building known as the ‘Big Matchbox’ on newly reclaimed land on Lambton Quay.

Successive ministries in which Julius Vogel was either premier or colonial treasurer embarked on major public works activity, mainly railways. By the late 1870s, numbers on the public payroll reached 11,000. One adult male in 13 was directly or indirectly, a servant of the state.

As economic conditions worsened after 1880, claims of patronage by politicians in the allocation of coveted jobs gained attention. Concerns over such issues as appointment practices led to an 1880 Royal Commission into the Civil Service, which concluded that ‘an aristocracy of government officials’ enjoyed better working conditions than their private sector counterparts.

The election of a reformist Liberal government in 1891 brought additional public services, and staff to provide them. The workforce expanded, some joining a Civil Service Association set up in 1890. Most of the growth occurred within trading enterprises like railways and the post office rather than the core administrative service. The state service under the Liberals, characterised by ‘special’ jobs on a temporary basis, often with a whiff of patronage, became a stalking horse for the parliamentary opposition.
‘King Dick’ Seddon was an infamous example. During his early Ministerial career in charge of the Public Works and Defence portfolios, Seddon gained such a reputation for dismissing civil servants that he became known as ‘The Chief Executioner’. But after becoming Premier in 1893, he unashamedly handed jobs to known supporters as ‘temporary’ clerks, often men without qualifications. During the Liberal years, the wider service expanded to nearly 23,000 employees.\(^6\)

Ridding the state services of political patronage and wasteful spending of public money became a populist plank of the Liberals’ conservative opponents, led by Wellington MP Alexander Herdman. A former lawyer, Herdman favoured a ‘scientific’ (technical) rather than political approach to government administration. His party’s adoption of the name ‘Reform’ was explicit recognition of a desire to run the service more efficiently.

In its final months, the Liberal administration set up a Royal Commission on the Civil Service to address the issue of reform. By the time the Hunt Commission, named after a successful businessman, reported back in 1912, New Zealand already had a new government.
Today’s public service emerged in 1912, at a time of industrial unrest and social upheaval. Breakthrough technologies such as radio broadcasting and silent cinema were gaining attention. On 6 July 1912, the Liberals were defeated after 22 years in power, and William Massey’s Reform Party took office four days later.

On 27 August, Herdman, as Attorney General and Justice Minister in the new administration, introduced a Public Service Bill into Parliament, a move that would be called ‘the chief fruit of the Reform Government’s first session’. Herdman based it on a 1911 Private Members’ Bill calling for an end to political patronage and emphasising efficient management of public finances.

Eight days later, the Hunt Commission’s report was published. The Act that finally passed into law on 7 November 1912 was in line with many of Hunt’s recommendations: changes to the way officers in the public service were hired, fired and graded; promotion on the basis of merit, and the setting up of an independent body to appoint staff.

But Herdman rejected Hunt’s idea of a board with oversight of departments and, crucially, answerable to Cabinet. Instead the Act set up a Public Service Commission (PSC) reporting to Parliament and headed by a single commissioner.

Former Liberal premier Sir Joseph Ward warned that this individual would be ‘above the Parliament, and above the people, and above the government…[with] the destinies of the whole public service…under his sole and uncontrolled authority’. Christchurch North MP Leonard Isitt argued ministers would now have ‘no word in the appointment of the minnows, but should appoint the whale and have the ear of the whale’.

In the end, the 1912 Act enshrined a professional, politically neutral, career civil (later public) service based on strict and systematised rules and regulations. A Public Service Commissioner, assisted by two assistant commissioners, would hereafter manage all government employment. ‘Political’ and ‘administrative’ functions were to be kept strictly apart.

From 1 January 1913, Donald Robertson, former head of the Postal and Telegraph Department, set up the PSC, with a staff of eleven. An early task was assigning all employees to one of four divisions – administrative, professional, clerical and general. The entire service was to be regraded every five years, with officers free to appeal against their classification to a body which included a staff representative. At the time permanent staff numbers totalled 4918.

During his tenure, Robertson would introduce a series of processes surrounding staff employment that would largely remain in place for 75 years, setting in place the culture of the public service. By 1913, he had formally recognised employee groups like the PSA. Other efforts to reform departmental efficiency, to the point of wholesale amalgamation, brought him into conflict with permanent heads.

Robertson was an autocrat who saw the service as an essentially male bastion. After 1913, women were explicitly not allowed to take the Public Service Entrance exams, could only take up shorthand and typing jobs, and usually had to resign when they got married.
The Commissioner’s stance on the place of women in the service drew strong reactions from female officers. In 1914, the issue was taken up at the PSA conference, which endorsed a remit ‘that female employees of equal competence with male employees receive equal treatment as to pay and privileges’. In a subsequent exchange, Robertson expressed grave doubts as to whether women could ‘take charge of anything’ and asked aloud ‘Can you put women in charge of men?’

The advent of World War One and staff shortages caused by more than 3000 enlistments brought fresh pressures on the service. In 1918, for example, ministers insisted they – not public servants – administer a new Repatriation Agency for discharged servicemen. It exemplified the difficult line commissioners like Robertson were constantly having to navigate.
Chapter 3
Roller-Coaster Years: 1920-1935

In 1920, William Morris, 67, replaced Donald Robertson as commissioner. Like his predecessor, Morris had previously headed the Post and Telegraph Department. Critics, however, insisted that his age and relative anonymity showed the long-running administration of Prime Minister William Massey no longer took the office of the commissioner seriously.11

Economic turbulence at the time intensified calls for austerity. In 1921, as government finances headed into the red for the first time in 35 years, Morris chaired an officials’ ‘economy’ committee. It urged greater accounting transparency, departmental mergers, and some application of a ‘user pays’ principle.

More attention, however, was given to the Public Service’s mushrooming salary and wage bill. A total of 572 staff, from a workforce of 7511, lost their jobs.12 Those remaining faced three separate salary cuts over two years, the first alone lightening pay packets by up to ten percent.

In 1923 Morris cut short his seven-year term and retired. In came a much younger man, Paul Verschaffelt, 36, who had joined the Public Service in 1904 as a clerical cadet. At a time when sectarian issues loomed large, especially in government service, Verschaffelt’s Roman Catholicism made his appointment controversial. His reputation for fair-handedness and the active endorsement of the Public Service Association (PSA) ensured his survival.

Verschaffelt oversaw a regrading of centrally-set pay scales in 1924, leading to noisy but largely unsuccessful attempts by unions to restore salary cuts. As unemployment rose from 1926, politicians again looked to the public payroll to absorb some of the jobless. The administration of Prime Minister Joseph Coates was accused of turning the public works and railways departments into a ‘dumping ground for the unemployed’.13 By 1928, 1400 temporary staff supplemented the permanent workforce of 7707.

In the aftermath of the 1929 financial collapse (aka the Wall Street ‘Crash’), Verschaffelt made the prophetic remark that Public Service salary rises would only be justified ‘in the event of some violent fluctuation in the cost of living caused by a pronounced alteration in wage standards’.14 The ensuing economic slump caused across-the-board wage cuts of ten percent in 1931, an increase in weekly hours of work from 40 to 44, and compulsory retirement for public servants aged over 60.

In 1932, a National Expenditure Committee, of which Verschaffelt was a member, recommended further pay cuts and harsh economies, including departmental amalgamations. Despite the cutbacks he continued to enjoy good relations with union leaders. Staff recruitment fell to a trickle, with just two cadets appointed in 1931; none in 1932.

Verschaffelt remained in the job until 1935, establishing a still unchallenged record as the longest-serving commissioner. His legendary reputation as a workhorse and ‘technical expert’ saw him dragooned in 1934 into assisting PM Gordon Coates’s ‘brains trust’ on fiscal and economic policy. Other notable members included economists Dick Campbell and William Sutch.
Behind the scenes, however, the larger-than-life Verschaffelt was battling alcoholism, admitting himself for treatment in 1934. He resigned months before Labour’s election victory a year later. In 1946 Verschaffelt would be banned from Parliament House and its grounds following an incident where he howled opposition to incoming civil service legislation from the public gallery. It was a sad end to a stellar career.
Chapter 4
A new broom – and war: 1935-1949

The first Labour Government’s resounding 1935 election victory heralded a greater role for the State, yielding a generous (some said unaffordable) parcel of social policies that would require an expanded Public Service to deliver. Depression-era pay cuts were swiftly reversed, with pay rises and a 40-hour, five-day working week put in place in 1936. Within two years, permanent staff numbers had increased by more than one fifth.

Determined to implement programmes that would lay the foundations of the welfare state, the administration of Prime Minister Michael Savage asserted firm control from the start. Incoming Public Works Minister Bob Semple told departmental heads they would have to administer government policy or ‘get their running shoes’. He typified the plain-speaking ex-union leaders in this largely working class Cabinet. It must have represented a culture shock to heads more used to dealing with soft-handed gentlemen.

Savage’s administration dragged its feet in replacing Verschaffelt, because they saw his logical successor, Thomas Mark, as unsympathetic to its political programme. In the end the administration appointed two commissioners: Mark, and (as pensions commissioner) John Boyes, seen to be in step with Labour’s far-reaching welfare agenda.

In 1938, the avowedly non-political Mark had earned the trust of the administration, and took on the post of sole commissioner when Boyes became permanent head of the Social Security Department. Public Service unions, however, came to detest ‘efficiency tests’ championed by Mark. The workforce meanwhile exceeded 16,000 (10,427 permanent and 5,788 temporary).

During the six years of war (1939 to 1945), more than 9000 public servants enlisted in the armed forces, creating problems in retaining staff of adequate quality. In this period, numbers of temporary Public Service staff nearly trebled from 6604 to 17,601. The majority were women.

The stresses of working with the Savage administration ultimately proved fatal for Mark. In 1941, he died of heart failure during an argument in a minister’s office, opposing what he saw as political interference. The easy-going Boyes returned to the Public Service Commission (PSC), remaining until 1946. Public servants struggled to administer elaborate wartime controls, including a wage and price freeze, and post war ‘stabilisation’ measures.

By the mid 1940s, the commission’s relationship with the PSA and its leader, Jack Lewin, had become testy. Peter Fraser, Savage’s successor as Prime Minister from 1940, intervened to bring union concerns into the heart of State sector pay-fixing and setting of conditions. In 1947, Fraser’s ‘new experiment’, a three-member PSC including a commissioner nominated by the PSA, began work.

Significantly, the man appointed to chair the reconstituted body, former ‘brains trust’ member, economist and London-based diplomat, Dick Campbell, was largely an outsider. (Verschaffelt’s infamous outburst occurred as legislation setting up the new body passed through the House).
The numbers of people administering the Fraser administration’s centralised and ‘stabilised’ economy didn’t abate at the end of the war. They swelled to 23,104 by 1947, including 9,439 temporary staff, many female, made permanent. But the union-friendly ‘experiment’ faltered as austerity-minded ministers sidelined the PSA representative, particularly over pay-fixing.

The energetic Campbell instituted important efficiency reforms and minor departmental mergers. He drew back, however, from radical proposals by assistant commissioner Jack Hunn (known as the PSC’s ‘ideas man’) to amalgamate the 39 public service departments into 22, including railways. Nor would the administration of Prime Minister Sidney Holland elected in 1949, tinker much with Labour’s expanding State apparatus.
Chapter 5
Struggles for equality: 1949-1963

By 1950, overwhelming male dominance of the Public Service had weakened, following the wartime appointment of thousands of women staff. Female cadets were finally permitted to join the permanent staff in 1947, and the old rule that women resign immediately upon marriage was dropped.

In 1953, as the country settled into a decade of prosperity and ballooning state activity, deputy commissioner George Bolt replaced Campbell. A less union-friendly Holland administration quietly ended PSA representation at the PSC, which fell back to two members. The State sector union, however, remained influential and vocal, championing the issue of equal pay for women public servants in particular.

A replacement body emerged to hammer out pay and conditions across the wider State sector, including railways and the post office. Chaired by Bolt and located inside the PSC, the State Services Co-ordinating Committee (SSCC) remained officially independent, but the immediate impacts of its work on the public purse meant in practice that Ministers stayed intimately involved.

One of the Holland administration’s priorities was infrastructure. By 1955, 20,661 temporary and casual staff, many of them forestry and railway workers, supplemented a permanent staff of 32,294. Women now represented more than 28 percent of the core Public Service.

But women clerical workers, for example, were still denied the same promotional opportunities as their male counterparts – and paid far less. The stage was set for a struggle that represented an early marker of the changing social, political and economic landscape of the post war era.

Recruiting and retaining permanent male staff proved difficult, especially within the less prestigious clerical divisions of the Public Service. A 1954 PSC report called for discrimination against ‘…women and girls, who presumably are less interested in a career out of the home…’.

The PSC report emerged as the PSA launched its campaign for equal pay for men and women performing the same duties. Bolt and his SSCC were fiercely resistant, posing the question why a government would want to pay more for labour than it needed to. Bolt told the union: ‘We …would be greatly concerned if the Government agreed to purchase articles for six shillings when such articles could be purchased for five shillings.”

Born in the year of Queen Victoria’s death, Bolt represented the orthodoxy that women were of less value as employees. In 1958, he stood down. The PSA gained public and political support for its campaign and, in 1960, the Labour administration of Prime Minister Walter Nash changed the law, allowing equal pay to be progressively introduced into the service.

In 1961, the newly elected National administration of Prime Minister Keith Holyoake set up a Royal Commission of Inquiry into the State services. With the PSC turning 50, it was seen as a good opportunity to take stock. Over half a century, the size of the permanent workforce had increased from 4918 to 39,611, and the functions of government had expanded considerably. The population of New Zealand had also increased threefold.

Chaired by Justice Thaddeus McCarthy, the subsequent royal commission went in search of ‘efficiency, economy and improved service…” Assisted by top businessmen and unionists, McCarthy reported in

The Holyoake administration rejected McCarthy’s call for SSC reporting lines directly to the prime minister and for a sole commissioner (rather than the eventual four). It also knocked back his suggestion that the SSC gain oversight of trading departments. The commission’s role would be to advise on administration, staffing, auditing, industrial relations and pay-fixing across the core Public Service.

In another significant departure from McCarthy’s ideas, the Act set up a new system for appointing departmental heads. The permanent heads themselves would now elect a ‘higher appointments board’ that would pick members of the club. It was quickly dubbed the ‘College of Cardinals’ after the powerful and secretive Vatican body that appoints the pope.

This structure, with its powers to give lifetime tenure to permanent heads such as the Commissioner of Works (often called New Zealand’s most powerful man because of the boundless resources at his fingertips), would become contentious.
Chapter 6
End of the golden weather: 1963-1971

In June 1964, as The Beatles made their triumphant tour of the four main centres, the post war economic boom began slowing. By 1966, wool prices had collapsed, heralding a turning point in the country’s economic fortunes.

By 1967, the service workforce totalled 46,670 permanent and 22,172 temporary staff, numbers ballooning by the year. From Auckland, increasingly the nation’s economic powerhouse, came a growing chorus of grumbles about ‘inefficiency’ in the capital where most public servants worked.

In 1968, the Holyoake administration worked to appease the public mood by asking departments to prepare for cutting budgets by a tenth. But the Public Service was required to administer a growing State agenda and the government failed to follow through on the cuts.

The State Services Commission (SSC) remained above the fray, unobtrusively carrying out its core business: pay-fixing and departmental auditing. As the 1960s ended, it was being called ‘the largest employer in the country’. And despite talk of restraint, Holyoake predicted at a PSA conference that the Public Service would add 13,000 additional staff in the decade ahead, with particular emphasis on social services.

New roles and responsibilities made the 1960s a demanding one for the commission. Allan Atkinson, Bolt’s replacement and former deputy, spent his early years in the job huddled with State sector unions, devising a byzantine system of occupational classes for pay-fixing to provide more uniformity across the State sector. By 1966, commission staff totalled 188.

In 1967, Adrian Rodda, deputy commissioner since 1946, replaced Atkinson as chair. As his position was confirmed, the NZ Herald called the service ‘a closed shop’. The Auckland paper speculated that the Holyoake administration was considering giving the commissioner’s role to a candidate from private enterprise. This never eventuated, but a signal was passed that SSC’s performance was coming under scrutiny.

In 1968, the need to overhaul pay-fixing at a time of strong wage inflationary pressures from the private sector, culminated in a second McCarthy royal commission. The State Services Co-ordinating Committee (SSCC) was beefed up as the ‘official negotiating body’ in disputes affecting the wider state sector, including teachers, nurses, postal workers and railway workers.

At the end of 1970, an exhausted Rodda resigned early. His successor, the more media savvy Ian Lythgoe, rejected the term ‘bureaucrat’, despite having been a public servant since 1933, chiefly at The Treasury. His reputation for careful scrutiny of departmental spending had earned him the name ‘Cash Register’.

Lythgoe brushed aside criticisms of SSC insularity, pointing out the commission was using ‘outside consultants’ in departments such as social security, defence and internal affairs. The idea of employing consultants at this time was highly novel. Nor would Lythgoe accept criticism that SSC was ‘nosy and insensitive’, in its departmental auditing activity.
He soon moved to boost autonomy within the health, transport, defence and agriculture departments in areas such as staff deployment and promotion. After half a century of rigid commission control, departments were finally allowed to manage some of their own affairs.
Chapter 7
A tightening of belts: 1972-1984

The 1970s saw a hardening in general attitudes towards the public service, part of a wider unravelling of New Zealand’s post war consensus. Following Labour’s victory in 1972, it was immediately evident, too, there would be tensions in the Kirk administration’s relationship with the service.

Speaking of the public service, incoming Prime Minister Norman Kirk said ‘the virus of empire building lies dormant in every vein...’\(^{25}\) He criticised departmental spokespeople commenting on behalf of the government as part of a new trend towards public relations. He was tired of reading of the views of people ‘paid to serve being expressed as if they were elected to govern.’\(^{26}\)

Like the incoming Labour government of 1935, the Kirk administration was suspicious of a service it saw as unreceptive to Labour ideas. Inside Labour’s ranks was a generation of younger parliamentarians intent on reforming the State, especially what they saw as its costly and seemingly unaccountable trading organisations.

One was former accountant and businessman Roger Douglas. As housing minister, Douglas led a cabinet management audit group carrying out efficiency checks on departments, assisted by a high-powered team led by a former private sector CEO.\(^{27}\) Labour MP Mike Moore, too, articulated disenchantment with the bureaucracy. He asked what would happen if ‘departments were graded in terms of efficiency from one to 20’.\(^{28}\)

The SSC, too, came under attack from within the ranks of the bureaucracy. Government Statistician Jack Lewin, a critic from the 1940s when he was PSA chair, accused the commission of ‘not coping’ with its expanded role. He pointed to a high turnover of commissioners and deputies since 1962.\(^{29}\)

Lewin aimed his most damning criticism at the ‘College of Cardinals’ panel for appointing permanent heads. He compared it to ‘a pin-up poll’.\(^{30}\) Political scientist Judith Aitken (Women’s Affairs chief executive from 1988) had earlier called the system ‘appointments for the boys by the boys’\(^{31}\).

When it came time to replace Lythgoe in 1974, Labour went outside the Public Service, as it had with Dick Campbell in 1946. Former Otago University vice-chancellor and distinguished scientist Robin Williams took over.

The mid-1970s are remembered for spiralling inflation, oil shocks and growing unemployment. The end of the post war boom also fuelled resentment towards ‘the army’ of public servants, their secure jobs and ‘perks’. In 1975, the NZ Listener said that jibing at the Public Service was ‘a national pastime’, noting numbers in the wider state services comprised close to a quarter of the national work force.\(^{32}\)

The incoming Muldoon administration of 1975 imposed a freeze on new staff, a measure Williams termed a ‘sinking lid’. National MP Norman Jones, however, described the Public Service as a ‘sacred cow’ that needed to be slaughtered.\(^{33}\) The *NZ Herald* said that public servants in 1975 enjoyed ‘superannuation schemes, very cheap housing finance, cut rates on purchases ranging from liquor to cars and ample holiday and sick leave.’\(^{34}\)
Working conditions continued to improve. In 1975, flexible working hours, known as glide time, were introduced across departments. As Roger Hall’s massively successful play, Glide Time, made its debut a year later, glide time became a byword for lax and inefficient departmental work practices.

The play’s satirical portrayal of life in a fictitious Department of Administrative Affairs would inflame, even entrench, prejudice against public servants, particularly after Glide Time (and its successors) was made into a TV series in the 1980s.

If still something of a novelty, computers were streamlining departmental paperwork (and threatening typing pools) by the late 1970s. Computing services, centralised and controlled, were established at this time as the Computer Services Division within SSC. (By the mid 1980s, the CSD was a standalone agency; then it was corporatised, privatised and sold off.)

By the early 1980s, the Public Service acknowledged a Māori resurgence that had quickened after the 1975 Land March and passage of law setting up the Waitangi Tribunal, giving the Treaty explicit legal recognition. In 1982, SSC hosted a meeting at Waahi marae in Huntly, to explore ways to recruit more Māori and Pasifika staff. A Māori development unit was later established in SSC.

Williams worked to improve the prospects of female staff, encouraging them into occupational classes that was once exclusively male and removing discrimination from job advertisements. In 1977, laws were passed extending maternity leave and protecting the jobs of those taking it.

But the first woman commissioner, Margaret Bazley, was not appointed until 1984.

In 1981, Williams’s deputy Mervyn Probine, a former Department of Scientific and Industrial Research (DSIR) scientist and administrator, replaced him. The gentlemanly Probine had joined SSC in 1979. As the 1981 election loomed, a rugby tour by the South African team divided the country. Probine cautioned staff against leaking confidential information that might embarrass the Muldoon administration.

Passage in 1982 of an Official Information Act would serve to open government departments up to public scrutiny. The message given to staff was that ‘information is only withheld if there is a good reason for doing so’.35

When Labour won the 1984 election, Probine remained as Chairman State Services Commission. But the radical reform of the State sector that was about to unfold, as part of Labour’s far-reaching reshaping of the State, would be left to a successor.
Computers were streamlining departmental paperwork by the late 1970s.
Chapter 8
Age of reform: 1984-1998

As the 1984 election year began, Labour opposition leader David Lange called for the resignation of any departmental chief refusing to administer government policy. Labour MP Roger Douglas had asked: ‘Are government departments necessary? ‘Are they doing the job? Can they be trimmed? Be ruthless with the answers.’

As Finance Minister in the 1984 Lange administration, Douglas and his fellow Ministers would be ruthless, even revolutionary, pushing ahead with root and branch restructuring that swiftly and fundamentally altered the machinery of government and the nature of the State sector.

In 1986, Reserve Bank deputy governor Roderick Deane replaced Probine. At the time the public service workforce totalled 88,507 (70,240 permanent and 18,267 temporary). Deane and fellow officials drew up the State Owned Enterprises Act, which was to strip government trading departments of their social objectives and turn them into profit-making standalone businesses. (Some were later privatised and sold off.)

On 1 April 1987, 5000 State servants shifted to State corporations given freshly-minted identities such as Electricorp, NZ Post and Tranzrail. Some 5000 more staff, chiefly in the new Forest Corporation and Coal Corporation entities, had been made redundant. Many more would go.

Deane also oversaw the rewriting of the NZ Public Service Manual, a process that eliminated 90 percent of its 2000 individual instructions built up over 75 years.

A Social Impact Unit established inside SSC worked to minimise the negative aspects of widespread job losses, especially in rural areas. After fourteen months, Deane’s deputy Don Hunn, a seasoned public servant and diplomat, replaced him as commissioner.

Soon after its re-election in 1987, the Lange administration introduced a radical State Sector Bill designed to remake a public service the new government saw as highly centralised and hidebound. A NZ Herald editorial crowed ‘Gliding On is Gliding Out’. Sir Thaddeus McCarthy, architect of the 1962 and 1968 reforms, however, warned of ‘the destruction of the State sector as we know it.’

The 1988 State Sector Act made government department heads directly accountable to their ministers through a system of annual ‘purchase agreements’ delivering outputs. No longer would heads have permanent jobs. Instead they would have five year fixed contracts.

The new chief executives gained greater autonomy to manage their departments as they saw fit, hiring their own staff and negotiating pay and conditions.

The SSC would no longer serve as employment bureau and pay-fixing body for the whole sector. The Commissioner however retained oversight of the new system, appointing heads of core departments and ensuring that chief executives were delivering on their employment contracts.

The College of Cardinals vanished. A single commissioner and deputy replaced the multi-member SSC. The commission was lucky to survive. Elements within the Lange administration, keen to reclaim Ministerial power in the reformed State sector, pushed unsuccessfully for its abolition.
A blizzard of legislation, restructurings and efficiency drives continued to affect the Public sector. In 1989 came reports that a total of 40,000 State jobs had gone in three years. As SSC staff numbers dropped from 360 to 130, functions like the Social Impact Unit were dropped.

Probine emerged from retirement to warn publicly of the risk of a politicised service under the new regime. In 1990, Hunn drew up a comprehensive code of conduct (or what he called ‘Ten Commandments’) for all public servants. Founded on an ideal of impartial service and required under the 1988 Act, the code was distributed widely within departments.

Election of a Bolger administration in 1990 saw continuation, even extension, of Labour’s reforms. Hunn said the commission’s role was evolving to that of a ‘quality assurance agency – reviewing, observing and auditing departments.’

Passage of an Employment Contracts Act in 1991 impacted heavily on the sector and State servants were employed on contracts, whether individually or collectively. In 1993, further change arrived as Kiwis voted in a new electoral system. The Public sector itself looked different: in 1993, the core Public Service comprised 36,374 State servants, close to half the 70,240 employed in 1986.

An officially commissioned review of the State sector reforms in 1996 by Allen Schick, an American professor of public policy, concluded there was cause for concern. He said the reforms had delivered accountability, but at too high a cost, with fragmentation and inflexibility. ‘I wonder whether management-by-checklist unduly narrows managerial perspective and responsibility. Some managers seem to take the view that if it is not on the list, it is not their responsibility’.

The 1995 Cave Creek tragedy in a national park on the West Coast, where 14 died, underlined that at times accountability remained diffuse. No one person was held responsible for the collapse. Instead, the system had failed.

The report of inquiry into Cave Creek led to Hunn predicting in 1997 that henceforth chief executives would have to resign, or as he put it, ‘swing from the gibbet’ if something went wrong in their department. He wrote to all new chief executives reminding them they had a ‘duty of care’ to the wider State sector. Hunn stood down that year, having led through a decade of dramatic, relentless change.
Dr Roderick S Deane  

Don K Hunn

Working with the State Sector Act 1988.  
Left to right: State Services Chief Commissioner Don Hunn, Deputy Chief Commissioner Margaret Bazley, Social Welfare Director General John Grant and State Services Commissioner David Swallow
Chapter 9
Moving on: 1998-2012

As a new century approached, Hunn’s replacement, career civil servant Michael Wintringham, again raised questions about the impact on the public sector of 15 years of almost continuous change. Concluding the workforce was ‘generally more efficient and responsive’, he warned of the risks to productivity and staff morale of what he called a ‘restructuring culture’.

Women now dominated the ranks of State servants, but few were pitching for the top jobs. The first woman chief executive was appointed in 1984, but numbers since had remained tiny. In 1998, Wintringham appointed Christine Rankin to head the new department of Work and Income. Three years later, Rankin unsuccessfully sued him after he chose not to reappoint her for not meeting performance standards.

Reappointed by the administration of Prime Minister Helen Clark in 2001, Wintringham’s role was widened to embrace standards of integrity and conduct. As commissioner, he also gained fresh management and monitoring powers over Crown entities. Wintringham pushed hard for the sector to consolidate as an attractive and innovative employer.

The accountability reforms continued. A 2001 Review of the Centre led to purchase agreements being scrapped in favour of Statements of Intent (SOIs), setting out departmental strategic directions. A Managing for Outcomes report in 2004 sounded a call for greater collaboration across agencies, one that still echoes today.

The Clark administration had grown concerned by what it saw as a critical weakening of public service capacity, with heavy use of outside consultants to perform core tasks. By 2003, the State workforce stood at 34,445, a slight reduction on 1993 levels, and would continue rising for the next eight years.

Mark Prebble, former head of the Department of Prime Minister and Cabinet (DPMC), replaced Wintringham in 2004. An important part of his legacy would be launching what he termed development goals for State services, the first of which reinforced the call for the sector to be seen as a good employer. Other goals pressed the need to harness information technology, to see quality of service from the public’s point of view, and to actively uphold standards and conduct.

As part of this activity, Prebble commissioned a survey which indicated that a third of State servants had witnessed misconduct in the workplace. A revamped code of conduct required staff to be fair, impartial, responsible and trustworthy.

In 2008, Prebble’s deputy Iain Rennie replaced him as commissioner, a job that today embraces the State services and agencies in the wider State sector.

During eight years of the Clark administration, numbers of State servants had swelled to 45,934, based on an average annual increase of 5.5 percent or 1987 employees per year.

As Rennie, a career public servant, settled into the role, the administration of Prime Minister John Key took office in the teeth of a global financial crisis. Like his conservative predecessor William Massey almost a century earlier, John Key entered office with an explicit agenda to boost efficiency and economy in the State services. The core government administration was capped at 38,859 positions.
As the Key administration ended its first term in office, more than 2500 state jobs had disappeared. The SSC workforce itself halved during this time, as functions such as information technology and training were transferred elsewhere. The commission swapped the spacious Molesworth Street head office it had occupied for a quarter of a century, for two floors in the Reserve Bank building opposite The Treasury.

Change continues to affect the public sector. The Key administration’s 2011 election year budget called for State cuts totalling almost $1 billion over three years. Following its re-election, the administration lowered the cap on core government administration to 36,475 positions.

As head of a smaller, leaner State sector, Rennie is working to ensure State servants remain highly accountable, providing better service to the people who pay their wages. A quarterly SSC survey Kiwis Count continued to show New Zealanders were satisfied with services received from the sector.

In recent years, Rennie has galvanised departments to join forces on specific and ambitious priorities government has set for the next three to five years. Included are complex problems such as reducing long-term welfare dependency, supporting vulnerable children, boosting skills and employment, reducing crime and improving interaction with government.

Another vital part of Rennie’s job is overseeing performance improvement reviews. These exercises help chief executives sharpen up the performance of their agencies, and assess how well they are delivering both government priorities and core business. Agencies learn exactly where they need to do better, and what they have to do to achieve it.

The State Services Commission (SSC), the Treasury, and the Department of the Prime Minister and the Cabinet (DPMC) are the Corporate Centre for New Zealand’s State sector. This involves bringing together the expertise of three critical central agencies to drive improved State Sector performance – to provide better public services. The Corporate Centre also shares accountability for delivery.

A tumultuous century after passage of the Public Service Act, a slimmed down commission is still in the State sector ‘hot seat’, driving the ceaseless quest for efficiency right across the business. As Rennie says, ‘the SSC is getting smaller, but the expectations on us are not’.

Michael Wintringham
Mark Prebble
Iain Rennie

Mary O’Regan, Secretary (head official),
Ministry of Women’s Affairs
Conclusion
Towards 2050

A century ago, as the first Public Service Act was drawn up with an inky quill, a government radio station began sending signals from the summit of Wellington’s Tinakori Hill. A technological and information revolution was underway, one that would accompany the birth of New Zealand’s public service.

The astonishing power of radio to reach and inform ordinary people saw New Zealand introduce the world’s first parliamentary broadcasts, in 1936. The popularity of the new medium exploded by 1940; with four out of five households owning what was popularly known as a ‘wireless’.

By the 1960s, as the public service marked its first half century and a State Services Commission came into being, there were further, even more dramatic, leaps in technology. Television began broadcasting images of the world into peoples’ living rooms. The first refrigerator-sized computers were installed in departmental offices.

In 2013, as the public service marks its first century, the information revolution hurtles onward. ‘Wireless’ today means something quite different. Uptake by Kiwis of smart phones, tablets and laptops, high-speed broadband and social media continue to transform our society and the way we engage in it.

In recent decades, online technologies have also revolutionized the delivery of public services, allowing New Zealanders to obtain information and conduct transactions such as paying tax and renewing car registration.

The ability of technology to reduce the distance between citizens and public services is certain to continue in the New Zealand of 2050, thanks to ultra fast broadband (UFB) delivered through fibre optic cabling.

A generation from now, New Zealand will still be technologically evolving in a more complex, less predictable world. Its population of five million, two million in Auckland, will be ageing. Many more of us will be of Māori and Pasifika origin, with Asians making up as much as a third of Auckland’s population.

In the ultra-connected world of 2050, Kiwis, like other global citizens, will expect deeper, more immediate engagement with government on a wider range of issues that concern them. Social media has already demonstrated the potential to become a rallying point for emerging issues.

In 2050, government itself is likely to look more porous, more vibrant and more accessible to the ordinary Kiwi. Everyday transactional public services will be carried out at the tap of a screen, away from traditional delivery channels.

An individual agency like Inland Revenue Department (IRD) will, for example, still be collecting GST or its 2050 equivalent. But iwi, non-government agencies, and the private sector, are likely to be partners in delivering flexible and sophisticated services in areas like health and education.

More complex interventions, involving individuals, whānau and families, will be delivered by agencies operating in a more joined up way. The agencies of 2050 themselves will have to be light on their feet and more responsive, organising themselves in innovative ways to deliver on the obligations set by ministers.

The government services of 2050 and the way they are delivered will look different, probably unrecognisable from today. Other things will, however, remain the same. Kiwis will continue to expect efficient and timely services from the State sector, along with profound levels of trust in the people delivering them.
List of Commissioners (1913-2013)

Robertson, D (ISO)  
Public Service Commissioner  
1913 - 1920

Lythgoe, I, G (CB)  
Chairman State Services Commission  
1971 - 1974

Morris, W R (CMG ISO)  
Public Service Commissioner  
1920 - 1923

Williams, R, M (CB CBE)  
Chairman State Services Commission  
1975 - 1981

Verschaffelt, P, D, N (CMG)  
Public Service Commissioner  
1923 - 1935

Probine, M, C (CB)  
Chairman State Services Commission  
1981 - 1986

Mark, T  
Joint Commissioner with Boyes  
1936 - 1938

Deane, R, S  
Chairman State Services Commission  
1986 - 1987

Joint Commissioner with Boyes  
1938 - 1941

1941 - 1946

Boyes, J, H (CMG)  
Chairman State Services Commission  
1936 - 1938

Hunn, D, K  
Chairman State Services Commission  
1987 - 1997

Joint Commissioner with Mark  
1946 - 1953

Wintringham, M, C  
State Services Commissioner  
1997 - 2004

Campbell, R, M (CMG)  
Chairman Public Service Commission  
1946 - 2008

Prebble, M  
State Services Commissioner  
2004 - 2008

Bolt, G, T (CMG)  
Chairman Public Service Commission  
1953 - 1958

Rennie, I  
State Services Commissioner / Head of State Services  
2008 - 2013

Atkinson, L, A (CMG)  
Chairman Public Service Commission  
1958 - 1962

2013 -

Chairman State Services Commission  
1963 - 1966

Rodda, A, G (CMG)  
Chairman State Services Commission  
1967 - 1970

2013 -
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35. Henderson, p 337.
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43. Evening Post, 10 June 1993.
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