J.C. Halkett

RESTRUCTURING ENVIRONMENTAL ADMINISTRATION

Government's policies aimed at restructuring environmental administration and enhancing the performance and accountability of public enterprises will have a major impact on the future management of publicly-owned land and the industries which are associated with its use and development. This reorganization has resulted in the formation of a Ministry for the Environment, a Parliamentary Commissioner for the Environment, a Department of Conservation, a Land Development and Management Corporation, a Forestry Corporation, a Department of Survey and Land Information, a Ministry of Forestry, and laterly a Ministry of Lands. It has also brought about the disestablishment of the Commission for the Environment, the Department of Lands, and the Forest Service, and caused a reshuffling of functions within a number of other departments.

Policy changes have met with both support and opposition from the community at large. Supporters pointed to the increasing conflict between conservation and development interests and to the merits of clearly separating the responsibility for those two functions in an endeavour to minimize future conflict. Opponents have argued that 'balanced' decisions involved the integration of conservation and development and that such decisions were best taken within a single public sector entity, such as the former Forest Service.

THE LEGITIMATE ROLE OF THE PUBLIC BUREAUCRAT — WITH PARTICULAR REFERENCE TO THE FOREST SERVICE

A consequence of the industrial and economic development of modern society has been the proliferation of the bureaucracy. Indeed it has been said that the bureaucracy is the institution which epitomizes the modern era, characterized as it is by complex intertwined economic, social, and political activity. It is acknowledged, however, that bureaucracies have some inherent inefficient and dysfunctional features. For example, the frequent confusion between the 'public interest' and 'bureaucratic purpose', and the rigid conformity to rules results in bureaucrats confusing 'purpose' with 'control' and unwittingly indulging in 'goal displacement' and 'ritualism' (Weber, 1958; Hummel, 1982).

Because of the dominant role of the bureaucracy in public policy making, and their lack of accountability, concern has been expressed in recent times at their increasing power and influence in New Zealand. Conversely, it has been argued that because bureaucrats are not subject to constitutional rights, as are politicians, they are 'free' to represent public interest in a non-partisan manner. And further, the size and complexity of the bureaucracy suggests that it has the capacity of developing an appreciation of the needs of various groups in society who are unable to get a 'case' on the political agenda.

What then is the legitimate role of the bureaucrat in public policy development and thereafter in politics? Some of the remarks made by David Lange during the 1984 'snap' election campaign indicates that this involvement remains controversial. However upon taking office as Prime Minister he stated that he was confident that his party and the public service could work together to achieve Government's new goals and withdrew his earlier comments about bureaucratic insubordination.

During the reshaping of environmental administration the views of the Director-General of Forests were widely reported by the media. Letters critical of this exposure subsequently appeared in newspapers around the country. For example, a letter published in the "New Zealand Herald" on June 5, 1985, stated: "The public, rather than Mr Kirkland [Director-General of Forests], has the right to feel "distressed and angered" at the stubborn campaign being publicly waged by public servants against the Government's popular policies." Jacob (1966) discusses the twofold charge that is often levelled against bureaucrats — that they are either accused of exercising too much power in administrative initiative or of acting as a drag on progress in Government because of the supposed inherent inertia in the bureaucratic system. He asserts: "It is in the nature of bureaucracy to be capable of both spirited action and stubborn delay. Thus the bureaucrat must harden himself to the ambivalent criticism of getting nothing done and doing it in an irresponsible way."

The inherent inflexibility within the bureaucratic system has been increasingly criticized over recent years. Modifications to current organizational structures, procedures, and conditions of employment have been periodically raised. On bureaucratic reform, H.G. Lang (1982) said: "The first question we should ask is whether there is something in New Zealand society at the beginning of the 1980s which requires reform of the public sector (i.e., the whole government machine or major parts of it) which is different in kind from the continuous process of change which is always taking place. The answer, in my view, is clearly yes! The reason for this answer lies in economic, social and political changes which demand a review not only of the role of the State but, also, of the ways in which the State can best perform its role."

Bureaucratic security and status is clearly enhanced by the maintenance of the status quo. There is an inherent bureaucratic resistance to change which may result in an unresponsiveness to shifting community values and needs. The management of native State forests by the Forest Service perhaps reflects this situation. Advocates for management changes and proponents for the retention of the status quo have both vigorously and publicly argued their positions, each accusing the other of 'dirty tricks'. The Forest Service retained a strong commitment to its traditions and long-term goals, and was not receptive to the suggestions for change which threatened its autonomy and the integrity of its declared mission.

The division of responsibility and the relationship between the departmental head and the Cabinet Minister has also continued to be the subject of speculation and uncertainty. It is clear that the departmental head must be politically astute — aware of the political implications of policy options for which advice and recommendations are being advanced. He or she is also in a position of greater relative strength, having a depth of resources at his/her disposal and the advantage of time which the Minister cannot match. In the final analysis, however, the duty of the departmental head is to imple-
ment declared government policy, putting aside prior preferences. It is not acceptable for bureaucrats at any level within the hierarchy to enter into public debate in an endeavour to frustrate the intentions of Government.

These sentiments were expressed by the State Services Commission in June 1985 following discussion on the matter with the Deputy Prime Minister*: 'The Deputy Prime Minister has asked me to write to you on the Public Service's role in the public debate on these issues (environmental administration reorganization) . . . it is appropriate to remind ourselves and our staff of our role as public servants. Our loyalty must always be to the Government and the policies it is seeking to achieve. Because feelings about these environmental issues, on both sides, run high, personal public comment of any kind by officials must not occur where there is a suggestion that the comments could be construed or interpreted as an official viewpoint.

"My view is that any statements at this time by senior officials of affected departments could be misconstrued even if made in a private capacity. For this reason I would urge you to ensure Ministerial clearance of any statements made, and to counsel your senior staff to avoid any public advocacy of personal or sectional views. The proper forum for formally exposing and debating these issues is among officials prior to providing advice to Ministers."

Speaking at a seminar organized by the New Zealand Institute of Public Administration to discuss the Official Information Act, Guy Salmon (Gregory, 1982) suggested that public bureaucracies exhibited a negative attitude and defensive mentality towards the involvement of interest groups in public policy formulation and decision-making, particularly when the bureaucracy supported a view or objective which was different from that being promoted by the interest group. Salmon concluded: "Officials may see the citizen groups as emotionally, as irrational, or as holding a distorted or biased viewpoint. When seeking official information citizen groups may also be seen by officials as posing something of a threat to the perceived goals and plans of their own organization. Thus it happens that officials sometimes come to believe that they can and should defend themselves by finding ways to withhold particular information which could be used to challenge the policies or actions of their organization."

To support his contention, Salmon referred to debates over the use of publicly-owned native forests. He suggested that the Forest Service and its professional forestry staff were virtually the sole source of advocacy for logging native trees. The reason for this stance, he suggested, was simply so that the bureaucrats concerned could continue to practise their professional management skills on native forests. In his typically controversial style, referring to the Forest Service's apparent desire to maintain the status quo and select the information which it places in the public arena, Salmon stated: "So conservationists have naturally come to resent the fact that when native forests go on trial the Forest Service not only plays the role of prosecutor, judge, jury, and executioner, but can even control to a considerable extent the availability of evidence for the defence. Under these circumstances it should surprise no one that there are sometimes some angry scenes in the courtroom."

The Forest Service rejected these and other similar sentiments. In an address delivered to the Wellington Rotary Club* Andy Kirkland, the Director-General of the Forest Service, went on the offensive, arguing in support of his department's record:

"Throughout its history, half of which I have seen as an employee, the Forest Service has sought to practise a judicious blend of conservation and development in keeping with the needs of the community both at the time and in the future."

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Although explicit studies of organizational behaviour within the New Zealand Forest Service have not been carried out, structural and socio-economic similarities between public bureaucracies in New Zealand and the United States permit some extrapolation of results from Kaufman’s study. He concluded that the United States Forest Service was a “successful” organization and, in part, its success was due to the ability to “. . . manipulate the intellects and the wills of their members . . .” Kaufman noted that, in the wake of Huxley and Orwell, this finding could generate some alarm from an ethical perspective — a threat to the freedom and the dignity of man. Kaufman expressed the opinion, however, that what might be seen as control of the mind was, from another (and equally reasonable) perspective, a view of morality: “Conscience, principles, patriotism, honor, devotion to duty and to one’s comrades, unswerving justice, compassion, resistance to temptation, refusal to submit to attempted intimidation, self-control, and many other much-admired qualities, are evidence of values, attitudes, and beliefs so deeply ingrained that self-interest, personal desires, and all manner of other stimuli and cues are rendered nugatory as influences on behaviour. The same applies to the zeal, conscientiousness, and integrity of the men in the Forest Service.”

It is clear from Kaufman’s studies that functionaries imbued with the spirit of an organization (Forest Service in this case) indoctrinated with its values, committed to its aspirations and goals, and dedicated to its traditions are unlikely to be receptive to ideas which threaten the integrity of its mission, or its autonomy. Little wonder then that Salmon encountered major obstacles in getting the Forest Service to entertain his views. Irrespective of the reaction of officials to his provocative style of debate, the nature of the Forest Service bureaucracy was such that he had little chance from the outset. Kaufman summed up the organizational environment which Salmon encountered, and warned of the possible consequences if bureaucracies failed to heed significant shifts in the national psyche, and in government policies: “Thus, an organization can be afflicted with a paralyzing rigidity, a stubborn clinging to tried and true methods, familiar goals, established programs. If conditions were stable, this policy would be perfectly adequate. But conditions change. Organizations, to survive, must change with them.”

**CONSERVATION AND DEVELOPMENT — SEPARATION OR INTEGRATION?**

In an attempt to understand something of the raison d’être behind the current public sector reforms, comments made whilst in Opposition by figures now prominent in Government give a lead to their premeditated nature. Roger Douglas is often described as the architect behind the present non-interventionist, deregulated thrust of current policies. He foreshadowed his present strategy in a guest editorial in ‘Public Sector’ in 1980. He suggested: “Criticism of performance in the State sector appears to have increased in pace with a groundswell reaction against what is regarded in some circles as a growing State bureaucracy without any apparent benefit to the taxpayer.” Douglas expressed the view that new approaches to traditional administrative methods in the public sector — especially in the area of financial and performance accountability — were due. He also spoke of the need for more positive and clearly defined management goals. Interestingly, but perhaps not surprisingly, at about the same time David Lange expressed similar views. Speaking to the Civil Service Institute in June 1980 (Lange, 1980) he said: “There is a gut feeling out there in the real New Zealand that has had more than enough of what they choose to call bureaucracy, of arrogance in Government, of heavy taxation without consultation, or a say in the application of the resources. They want accountability for what’s being spent and they want to get in first before anyone has to account for it . . . Politicians will ignore those feelings at their peril. And the public service will ignore those feelings at its peril.” The key to a more effective public sector, according to Lange, lay in substantially strengthening the financial accountability of government agencies. In concluding Lange indicated: “Any Labour Government will give the public sector both the moral and financial support that is needed but it will demand in turn that the public sector accepts the need for substantial change, the need to be open and definite in its aims, and the need to accept a wider public accountability as to its objectives and performance.”

In “The Path to Reform” Henry Lang (op. cit.) took a possibly more dispassionate look at the need for reform within the public sector. He contended that, because of the changes occurring in society generally, reforms within the public sector were necessary. He pointed to the intractable problems arising from the international economic turmoil of the late 1960s and concluded that currently available political and economic theories and devices were not capable of dealing with the situation. Lang also pointed to the need for better definition of purpose and for more specific public accountability. He mentioned in particular the need to control government expenditure.

The general intent of government policies, and the principal reasons underlying them were usefully outlined in “Management” magazine: “The aim is to adapt the public sector to meet the management needs of a modern economy. To this end, responsibility for non-commercial functions will be separated out from major state-owned trading enterprises, Meeting social, economic and political objectives has impaired commercial efficiency . . . state sector managers will be charged with the single aim of profit maximization, within performance objectives agreed with Ministers. The advantages and disadvantages which state-owned enterprises have, including unnecessary barriers to competition, will be removed so that commercial criteria will provide a fair assessment of managerial performance.”

With respect to proposals for the utilization of publicly-owned resources Government has emphasized that environmental considerations must be taken into account. Agencies for conservation and development must be clearly identifiable and politically responsible, and have consistent goals. Objectives, guidelines and planning processes must be open, simple and impartial, and decisions subject to independent oversight. Moreover, decisions on controversial matters must be taken at a political rather than a bureaucratic level. Overall, Government has indicated that it has attempted to outline an environmental policy which is not a ‘lock up’ of resources, but promotes wise multiple use which includes preservation, conservation and development. In an editorial titled “Separating the issues” on September 23, 1985, “The Press” interpreted Government’s intent: “In broad terms, some sort of reorganization like this is desirable. There is merit in separating the environmental and conservation responsibilities from the development functions. The increasing conflict of interest between conservation and development might well be more easily resolved by clearly separating the responsibilities of the potential protagonists.”

The Forest Service interpreted Government policy as being two-pronged:
a) A need to improve commercial efficiency.
b) A need to clearly distinguish between commercial and non-commercial aspects of administration and management.

Speaking to a senior staff seminar in March 1985, Andy Kirkland spoke of the need to resolve this external pressure rapidly in order to avoid the "axe" falling on the department. Kirkland identified the major objections of Government's new financial management strategy as being:
— to take a more commercial approach to the Department's 'commercial' operations, particularly production forestry, but also sawmilling and other activities;
— to demonstrate more obviously to the public a commitment to the non-commercial aspects of managing forested lands and a related environmental sensitivity. To show that balanced use is workable, worthwhile and responsive to community desires.

Kirkland was aware of the possible consequences that could befall his Department if Government desires were not met: "Failure to respond to either or both of these needs invites as a solution the separation of commercial and non-commercial functions in a manner envisaged by the Public Expenditure Committee in 1980, threatened as a backstop at present by Treasury and strongly advocated by conservation groups in the current debate on the organization of the Government's environmental agencies." However, despite Kirkland's insight, Government was already committed to major reform of the public sector and the Forest Service was caught up in this initiative, and "carved up" along with other Government Departments. Indisputably, economic and financial management reform provided the thrust for change. The Forest Service and other departments had not been able to convince the Treasury and the triad of Finance Ministers that they had a commitment, and the ability, to make their management activity and financial affairs sufficiently transparent. Perhaps it was some consolation to Kirkland that the environmental and conservation management record of the Forest Service was generally endorsed by Government, although he would no doubt have been dismayed that forest and land management issues did not feature prominently in the final decision-making process.

Government's desire to reform the public sector was, as intended, subsequently broadened to encompass other portions of the bureaucracy. In May 1986 in his "Statement on government expenditure reform 1986" Roger Douglas set out further proposals which were intended to: "...lead to a more efficient public sector which can play an integral part in a growing economy."*

Roger Douglas: "Their poor performance has nothing to do with the managers and employees... It results from their present unclear roles, conflicting objectives, burdensome controls, lack of commercial freedom and inadequate incentive structures."

Changes were outlined for trading activities undertaken by the Post Office, Rural Bank, Broadcasting Corporation, Civil Aviation, and the Ministry of Energy. Discussing the reasons why public sector trading activities had not been performing as they thought they should, Douglas said: "Their poor performance has nothing to do with the managers and employees of these organizations, who are as able as those anywhere else in the economy. It results from their present unclear roles, conflicting objectives, burdensome controls, lack of commercial freedom, and inadequate incentive structures." It was proposed to establish public corporations with full commercial objectives, rights and responsibilities. "They will be autonomous financial entities legally separated from the Crown. The general rule is that the Government's responsibility as owner of these corporations will be similar to that of shareholders in the private sector." Intended reforms would make managers directly accountable for the financial performance of corporations. These commercial pressures, it was considered, would result in substantial savings over time — it was estimated that the total rate of decisions taken on the corporatisation of government trading activities, and associated issues, would reduce the financing requirements of net government expenditure by around $900 million in 1986/87, $1200 million in 1987/88, and $1400 million in 1988/89.

Government has therefore acted to separate trading and non-trading functions resident within single agencies. These reforms were clearly motivated by economic and financial considerations, not by environmental concerns. The future position of Government's environmental and other non-trading responsibilities has not yet been fully elucidated, although it would seem that in the future these activities will need to be reviewed, assessed and justified within the context of a more pragmatic commercially orientated economic climate.

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