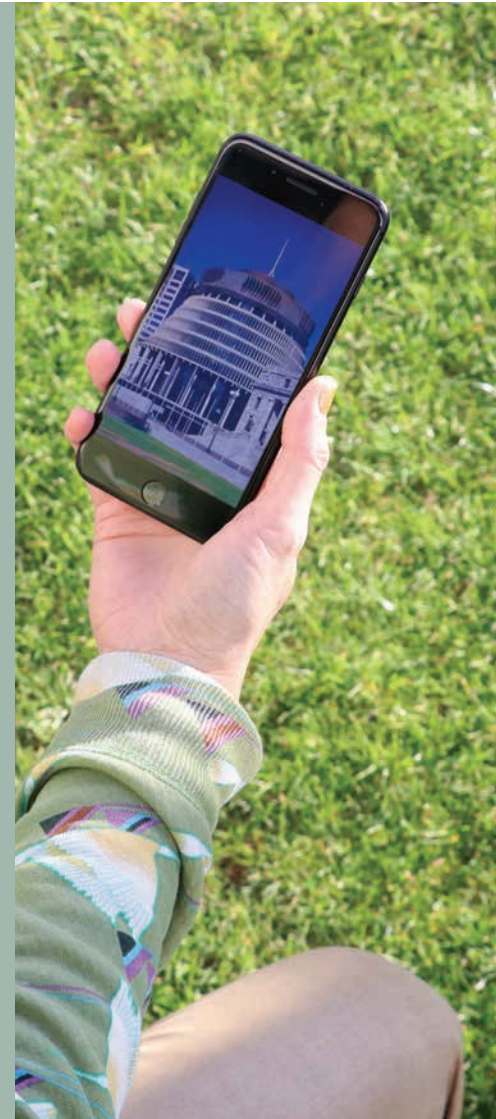


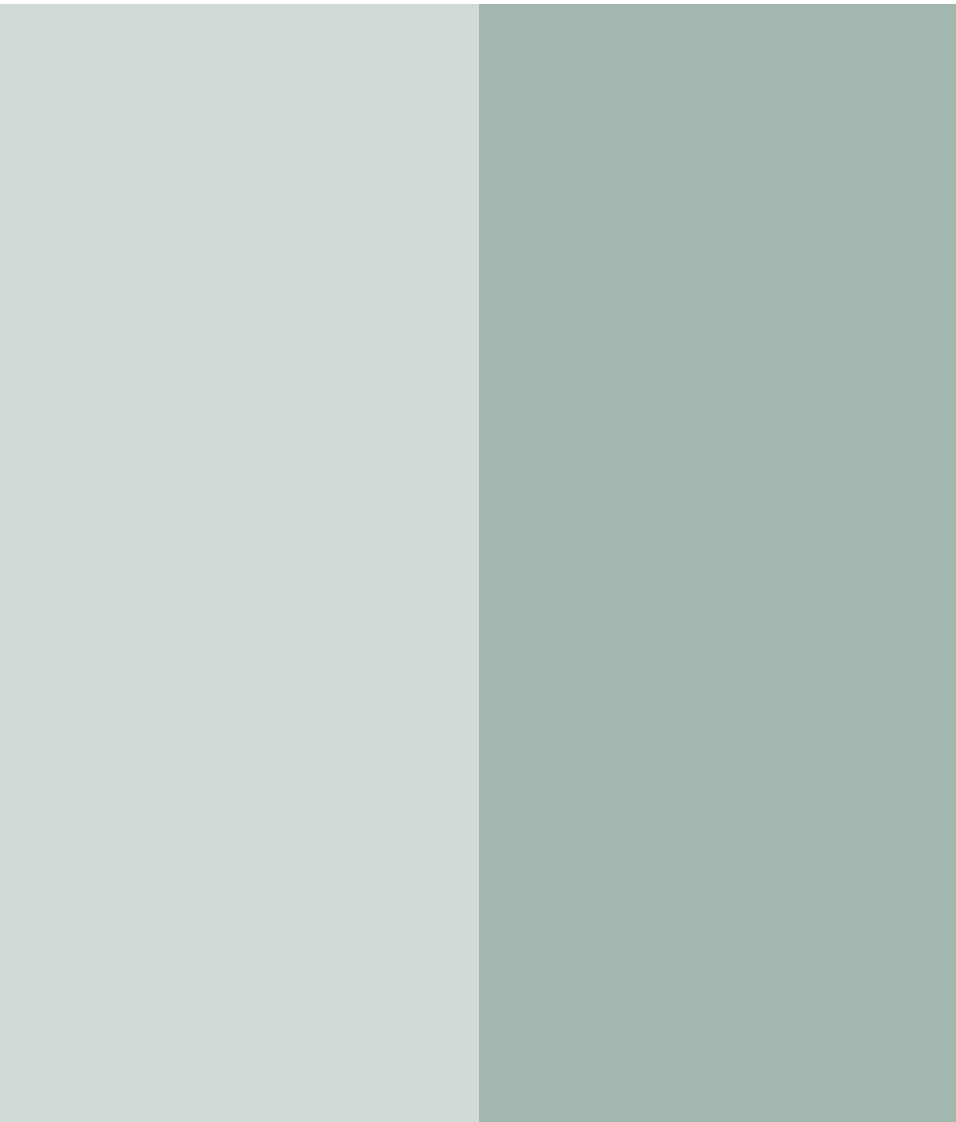


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# Public accountability: A matter of trust and confidence

A discussion paper





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A discussion paper

Presented to the House of  
Representatives under section 20 of  
the Public Audit Act 2001.

September 2019

ISBN 978-0-9951185-4-6

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# Auditor-General's overview

E ngā mana, e ngā reo, e ngā karangarangatanga maha o te motu, tēnā koutou.

Public accountability is a cornerstone of our system of government. Knowledge on what the public is getting for their taxes and rates, how well that is being spent, and the integrity of the overall system are the basics of public accountability. It is also fundamental to the role of my Office.

During the last 30 years, considerable changes in technology, the natural environment, social and cultural diversity, and expectations of the public have created new challenges and opportunities for the public sector. New Zealanders have become increasingly informed and connected.

In this more diverse, dynamic, and connected world, the public is demanding more from our public accountability system. How the public sector tells its story will be fundamental to maintaining the public's trust and confidence.

This discussion paper is the first phase in a programme of work about the future of public accountability. It is not a detailed review of New Zealand's current constitutional arrangements, but explores the role public accountability plays in maintaining trust and confidence in the public sector. This paper does not cover all aspects or perspectives of public sector accountability. However, the weight of evidence presented suggests that new thinking is needed about how the public sector demonstrates its ongoing competence, reliability, and honesty in a way that meets changing public expectations.

There have been significant improvements in public sector accountability, transparency, and openness during the last 30 years. However, it seems that the public still does not feel as adequately informed or assured as it could be. Although the latest Kiwis Count survey shows that New Zealanders have high levels of trust in the public services they use, there is significantly less trust in the public sector, and particularly within Māori and Pasifika communities. One possible reason for this, as one researcher in New Zealand recently suggested, is that a significant amount of public accountability information is currently published that the public neither reads nor understands.

In many respects, the public accountability system is doing what it was designed to do. However, whether this is enough to meet the expectations of the public today and in the future is unclear. The system might be hitting its original targets but increasingly missing the point.

Although public officials and their agencies are primarily accountable to their Ministers and through them to Parliament, they must also act to maintain the trust and confidence of the public they serve. The public might expect a more direct accountability relationship – not just as users of public services but as the ultimate owners of public resources. This will create some challenges and tensions.

In parts of the public sector, a more direct relationship is already forming – for example, with greater public participation in policy development. However, the public sector will need to do much more if it is to increase public trust and confidence throughout New Zealand, particularly with Māori and minority communities.

The current system of public accountability has many strengths, but the public sector cannot be complacent. Performing competently might not be enough, by itself, to maintain public trust and confidence. Behaviours such as truthfulness, respect, and fairness are just as important.

The recently announced reforms to the State sector envisage a unified public service, focused on agencies working together to improve outcomes as stewards of New Zealanders' intergenerational well-being. These reforms are an opportunity to shape a system of public accountability that complements the public management system and meets the needs of New Zealanders today and in the future.

To realise this opportunity, the system of public accountability will need to be thought about from the perspective of those who it is there for. And this starts with understanding what is important to our communities and why.

The next phase of our research on public accountability will build on what we have learned here and focus on how well the current public accountability system is positioned to respond to the challenges and opportunities the public sector faces. This research will inform what my Office does to improve trust and promote value in the public sector.

I acknowledge the assistance of academics from Victoria University of Wellington and the many public servants (past and present) who have taken the time to offer their perspectives and provide feedback on this paper.

Nāku noa, nā John

A handwritten signature in black ink, appearing to read 'JMR Ryan', with a stylized flourish at the end.

John Ryan  
Controller and Auditor-General

3 September 2019

# Introduction

- 1.1 This discussion paper is about trust – in particular, the role that public accountability plays in helping the public maintain trust and confidence in the public sector. In today’s more diverse, dynamic, and connected world, the way in which the public sector tells its story and assures New Zealanders that it is meeting their expectations is fundamental to this.
- 1.2 This discussion paper draws on a range of New Zealand and international literature to help explain what public accountability means and why it is important. It also looks at how public accountability has changed during the last 30 years and how it could change in the future. This discussion paper is the first phase of our work to better understand what the future of public accountability could look like.

## Why we are doing this research

- 1.3 The world is changing rapidly, which presents challenges and opportunities for New Zealand and its public sector. Internationally, there are signs that people might be losing trust and confidence in their governments and democratic institutions. Recent examples include the “Brexit” demonstrations in the United Kingdom and France’s “yellow vest” protests. Some have reported that both are crises of legitimacy and democracy.<sup>1</sup>
- 1.4 Although the underlying causes of these challenges are complex, they highlight a gap between what an increasingly connected and informed public expects of the public sector and what the public sector is seen to provide.
- 1.5 It seems that, although individuals are becoming more connected through, for example, social media, public sectors are becoming less connected with individuals. Surveys continue to suggest that public trust and confidence might not be strong as it could be, particularly in minority communities.
- 1.6 The reasons for this gap might not necessarily be about how well the public sector delivers services (through the public management system) but about how well the public sector tells its story and assures the public that it is meeting the public’s expectations (through the public accountability system).
- 1.7 Understanding how public accountability supports public trust and confidence, even when the public sector is performing well, will be important for New Zealanders and their public sector in the 21st century.

## The aims of, and approach to, our research

- 1.8 The three main aims for this first discussion paper are:
- to begin to explore the role of public accountability in maintaining public trust and confidence, and the implications of changes in society and in the public sector;

1 See, for example, “Britain’s followership problem” (2019) from *The Economist*, 2 May 2019 and “France’s protests mark a border crisis for Western democracy” (2018) from *The Washington Post*, 4 December 2018.

- to encourage more thinking and debate about what effective public accountability arrangements could look like; and
- to inform our own thinking about the role of the Auditor-General in an evolving public accountability system.

1.9 This discussion paper also sets the scene for the next phase of our research. The next phase will build on what we have learned and consider how well the current public accountability system is able to respond to the challenges and opportunities the public sector faces. This will draw on a wide range of perspectives from within and outside the public sector.

1.10 This paper has been informed by New Zealand and international literature and commentary about the concept of public accountability, why it is important, how it is being evaluated, and contemporary concerns about its use. We have also drawn on observations and comments from academics, public officials who have contributed to public management reforms, and staff at the Office of the Auditor-General.

### Scope and limitations

1.11 We use the term “public sector” to mean the government of the day and its agencies, including local government and its agencies. Our main focus is on the changing accountability relationship between public sector agencies (and their employees) and the public of New Zealand.

1.12 For the purposes of this paper, we do not include Parliament in the public sector because it represents the public rather than the Government.

1.13 We use the term “public” to mean voters, taxpayers, ratepayers, and other interested or affected parties, as well as businesses, non-profit organisations, and other types of companies.

1.14 Much has been written about accountability in government and in the public sector. This paper does not attempt to cover all aspects or perspectives of public sector accountability. We do not discuss many other important accountability mechanisms that affect the public sector in detail – for example, through the courts, through New Zealand’s national or local body electoral system, or through Ministers’ individual and collective responsibility to Parliament.

1.15 Our primary focus is to explore the fundamental and important accountability relationship between the public sector and the public they ultimately serve.



# What do we mean by public accountability?

- 2.1 How the public sector supports public trust and confidence, and the role of public accountability in doing that, is not well understood. Although a lot of theory exists, there are few agreed concepts, frameworks, or guidance.
- 2.2 Before we can start to think about how to plan for and manage public accountability, we need to better understand why public accountability is important, the ways it can be established, and how the system of public accountability complements the system of public management.

## Accountability has different meanings for different people

- 2.3 Haidt believes that accountability is fundamental at any time when people co-operate with other people they do not know.<sup>2</sup> Accountability therefore can be seen to be as much about the relationship as it is about the responsibility (or task). Ultimately, it is about ensuring that people are able to trust each other to do what is expected of them.
- 2.4 Considering accountability from the perspective of the relationship means there can be different accountabilities between individuals or groups, and in many different contexts. Accountability can also have many different objectives. For example, one important accountability objective of health professionals is to ensure that their patients receive good medical treatment.
- 2.5 Different cultures can also emphasise different objectives. For example, one accountability objective for Māori communities is to ensure that their customs and behaviours are upheld and maintained across generations.
- 2.6 In teams of people, cultures of accountability can be more important than individual accountabilities. In fact, Katzenbach and Smith observe that “[n]o group ever becomes a team until it can hold itself accountable as a team”.<sup>3</sup> Rashid argues that, because teams of people must work together to pursue common goals, accountability within those teams can be more interpersonal and reciprocal. He uses the term mutual accountability to describe team members’ evaluation of each member’s progress in an “informal, unmediated, and even spontaneous” way.<sup>4</sup>
- 2.7 However, accountability does not just exist when co-operation is needed. It can also involve personal responsibility – for example, associated with religion or other beliefs, personal development goals, or ethical and moral values.
- 2.8 Individuals can experience or perceive accountability in a variety of ways. People can form personal expectations and attitudes through directly interacting with

2 Haidt, J (2012), *The righteous mind: Why good people are divided by politics and religion*, Penguin UK, page 87.

3 Katzenbach, J and Smith, D (1993), “The discipline of teams”, *Harvard Business Review*, March-April Issue 1993, page 168.

4 Rashid, F (2015), *Mutual accountability and its influence on team performance*, PhD thesis, Harvard University, pages 3, 8, and 9.

other people or when they use public services.<sup>5</sup> Related to this is the idea of “felt accountability”, the view that, among other things, “[i]ndividual behavior is predicated on perceptions of accountability”.<sup>6</sup>

- 2.9 It is not surprising that international literature has identified many different definitions and descriptions of accountability. It has been researched as a medical, accounting, or legal concept, a virtue, and as a social or institutional arrangement.
- 2.10 In a public sector context, researchers have identified various types of accountability. These include political, legal, ministerial, democratic, bureaucratic, parliamentary, and social accountability. In practice, many related concepts are also associated with accountability, such as answerability, transparency, visibility, controllability, responsibility, or responsiveness. Accountability is also sometimes seen as simply providing an account.
- 2.11 These various terms can lead to conflict and tension in practice. Peters gives the example of a public official who may be given an order by his Minister (responsiveness) that they believe is illegal (responsibility).<sup>7</sup> This order may also be inconsistent with their employment position (answerability) or have little to do with what the official provides to Parliament (giving an account).
- 2.12 Lupson observes that these different concepts “represent the source of much confusion about the concept of accountability”.<sup>8</sup> Koppell also argues that different accountability terminology can adversely affect organisational performance because what the organisation is ultimately accountable for can become confusing.<sup>9</sup>
- 2.13 With its many different dimensions and objectives, accountability remains in theory and in practice “ambiguous, complex, elusive, fragmented and heterogeneous”.<sup>10</sup> This has led to “much theory being generated but little by way of agreed concepts and frameworks”.<sup>11</sup>

5 Dowdle, M (2006), “Public accountability: Conceptual, historical, and epistemic mappings”, *Regulatory theory: foundations and applications*, ANU Press, pages 205-207.

6 Overman, S et al (2018), “Comparing governance, agencies and accountability in seven countries”, a CPA survey report, page 14.

7 Peters, G (2014), “Accountability in public administration”, in Bovens, M, Goodin, R, and Schillemans, T, *The Oxford handbook of public accountability*, Oxford University Press, page 215.

8 Lupson, J (February 2007), *A phenomenographic study of British civil servants' conceptions of accountability*, PhD Thesis, Cranfield University, page 34.

9 Koppell, J (2005), “Pathologies of accountability: ICANN and the challenge of ‘multiple accountabilities disorder’”, *Public Administration Review*, Vol 65 No 1, page 95.

10 Greiling, D and Spraul, K (2010), “Accountability and the challenges of information disclosure”, *Public Administration Quarterly*, Fall issue, page 1.

11 Smyth, S (2007), “Public accountability: A critical approach”, *Journal of Finance and Management in Public Services*, Vol 6 No 2, page 31.

## Public accountability in a representative democracy

- 2.14 Accountability has been described as “the hallmark of modern democratic governance”.<sup>12</sup> This is not a new idea. Benjamin Disraeli, a 19th century British politician, wrote “... that all power is a trust; that we are accountable for its exercise; that from the people and for the people all springs, and all must exist.”<sup>13</sup>
- 2.15 Finn states that, “[w]here the public’s power is entrusted to others”, there is an important and overarching constitutional and fiduciary principle that “[t]hose entrusted with public power are accountable to the public for the exercise of their trust”.<sup>14</sup> Barnes and Gill also observe that the public’s trust in the public sector is closely related to the level of confidence the public has in the public sector.<sup>15</sup>
- 2.16 According to Finn, being accountable to the public is an “obligation of all who hold office or employment in our governmental system”.<sup>16</sup> It is a “burden”, Finn states, that is placed on the public sector when it accepts responsibility for exercising powers on behalf of the public.
- 2.17 These observations establish the importance of accountability in maintaining a trusting relationship with the public in a representative democracy. This has profound implications for how the public sector behaves and interacts with the public. For example, the New Zealand State Services Commission’s code of conduct guidance acknowledges that “State servants are guardians of what ultimately belongs to the public, and the public expects State servants to serve and safeguard its interests”.<sup>17</sup>
- 2.18 The public can judge trustworthiness at any time when, as Thomas and Min Su observe, the public interacts with the public sector as either a user, a partner, or ultimate owner of public sector resources.<sup>18</sup> This is what Miller and Listhaug refer to as a “summary judgement”<sup>19</sup> of the public sector’s trustworthiness based on the public’s expectations of how government should operate.

12 Bovens, M (2005), “Public accountability”, in Ferlie, E et al (eds), *The Oxford handbook of public management*, Oxford University Press, page 182.

13 Disraeli, B (1826), *Vivian Grey: A novel*, page 206.

14 Finn, P (1994), “Public trust and public accountability”, *Griffith Law Review*, Vol 3 No 2, page 228.

15 Barnes, C and Gill, D (February 2000), “Declining government performance? Why citizens don’t trust government”, State Services Commission Working Paper No 9, page 4.

16 Finn, P (1994), “Public trust and public accountability”, *Griffith Law Review*, Vol 3 No 2, page 233.

17 State Services Commission (2010), *Implementing the code of conduct – Resources for organisations*, page 3, at [www.ssc.govt.nz](http://www.ssc.govt.nz).

18 Thomas, J and Min Su (2013), “Citizen, customer, partner: What should be the role of the public in public management in China?”, a paper for the UMDCIPE conference on Collaboration among Government, Market, and Society, 26 May 2013, pages 1-2.

19 Miller, A and Listhaug, O (1990), “Political parties and confidence in government: A comparison of Norway, Sweden and the United States”, *British Journal of Political Science*, Vol 20 Issue 3, page 358.

- 2.19 However, judging trustworthiness, as O’Neill warns, is difficult and subjective, but she points to competence, reliability, and honesty as useful attributes. O’Neill states:  
*... if we find that a person is competent in the relevant matters, and reliable and honest, we’ll have a pretty good reason to trust them, because they’ll be trustworthy.*<sup>20</sup>
- 2.20 We agree that public accountability comes from the need for a trusting relationship between the public sector and the public. It is about the public sector demonstrating its competence, reliability, and honesty in a way that allows the public to judge its trustworthiness in using public money and resources.
- 2.21 This is the definition of public accountability we use in this paper. It provides a more citizen-centred perspective of public sector accountability in a representative democracy. It also suggests, as the New Zealand State Services Commission has argued, that “[a]ccountability goes beyond, for example, only being accountable to the law, or to the government of the day, or to a superior, as critical as these are to understanding accountability in the public sector”.<sup>21</sup>

### Avenues of public accountability

- 2.22 Our explanation of public accountability in the public sector assumes that it is a means to an end rather than an end in itself. This is consistent with Greiling’s view, who explains that public accountability can be seen as “an instrument which signals competence and organizational trustworthiness”.<sup>22</sup>
- 2.23 If public accountability is about maintaining a trusting relationship between the public sector and the public, then the way the public sector interacts with the public is also important.
- 2.24 How the public sector interacts with the public depends on a range of factors, including: the form of democracy, the way the public sector is organised and managed, and, importantly, the make-up and expectations of the public. Mulgan observes that, where there is:  
*... a range of different groups and individuals with differing values and interests and different organisational means of interrelating with government [this can mean] the accountability of government to the people sensibly requires a range of alternative channels ...[or]... avenues.*<sup>23</sup>

20 O’Neill, O (June 2013), “What we don’t understand about trust” (video), [www.ted.com](http://www.ted.com).

21 State Services Commission (1999), “Improving accountability: Setting the scene”, Occasional Paper No 10, page 8.

22 Greiling, D (2014), “Accountability and trust”, in Bovens, M, Goodin, R, and Schillemans, T, *The Oxford handbook of public accountability*, Oxford University Press, page 624.

23 Mulgan, R (March 1997), “The processes of public accountability”, *Australian Journal of Public Administration*, pages 26 and 29.

- 2.25 Ranson and Stewart also argue that:  
*... [i]n the diversity of a learning society, public accountability requires many channels by which accounts are given and received and a clear line by which those who exercise collective choice are held to account.*<sup>24</sup>
- 2.26 Finn refers to different avenues through which public accountability can be established. These are indirectly, through institutions such as Parliament and the Auditor-General and through superiors or peers, and directly with the public.<sup>25</sup>

### Indirect avenues

- 2.27 Indirect avenues use representatives of the public to hold the public sector accountable.
- 2.28 New Zealand's public accountability system could be seen as largely indirect. It is built on the separation of three branches of government – the legislature, the executive, and the judiciary. These three branches act as a check on each other to prevent concentrations and/or abuses of power by the state over its people.<sup>26</sup>
- 2.29 The legislature is Parliament, also known as the House of Representatives. It is the ultimate representative of the people. The executive includes the government of the day, its agencies, and public officials. The judiciary include judges and other judicial officers.
- 2.30 Joseph notes that, under our constitutional system, being a “responsible government” means that Ministers are collectively responsible to Parliament for the overall performance of government and individually responsible for the performance of their portfolios.<sup>27</sup>
- 2.31 Public officials and their agencies act for, and are accountable to, their Minister. This relationship links “political desire to action”<sup>28</sup> and relies on three crucial elements: the public official's loyalty to the government of the day, political neutrality, and anonymity from the public's gaze.<sup>29</sup>

24 Ranson, S and Stewart, J (1994), *Management for the public domain: Enabling the learning society*, St. Martin's Press, page 241.

25 Finn, P (1994), “Public trust and public accountability”, *Griffith Law Review*, Vol 3 No 2, pages 234 and 235.

26 See [www.justice.govt.nz](http://www.justice.govt.nz) and New Zealand Legislation Design and Advisory Committee (2018), *Legislation guidelines*, page 22.

27 Joseph, P (2014), *Constitutional and administrative law in New Zealand*, fourth edition, Brookers Ltd, page 13.

28 James, C (2002), *The tie that binds*, Institute of Policy Studies and the New Zealand Centre for Public Law, page 1.

29 James, C (2002), *The tie that binds*, Institute of Policy Studies and the New Zealand Centre for Public Law, pages 7-10.

- 2.32 The Treaty of Waitangi is also an integral part of New Zealand’s constitutional arrangements. According to the Waitangi Tribunal, this Treaty relationship, among other things, means “a proper engagement between the Crown and Māori, a sharing of power and control over resources, a mutual accountability, where the relationship harnesses the potential of all Māori in the most effective manner”.<sup>30</sup>
- 2.33 Constitutional accountability arrangements within the executive and between the executive and the legislature are structured as a vertical, single-point chain of separate accountabilities that flow from the public officials to Parliament.<sup>31</sup> Usually referred to as the “Westminster chain”, it is indirect because the public is represented at each step by different parties, with Parliament being the ultimate representative.
- 2.34 Under the Westminster system, public officials and their agencies are not directly accountable to the public or to Parliament.<sup>32</sup> Members of Parliament are directly accountable to the public through general elections.
- 2.35 Figure 1 portrays the Westminster chain in a New Zealand context, where chief executives sit between public officials and Ministers.
- 2.36 Over time, this chain has acquired new and different links as other organisational forms have been created and new ways of delivering public services have emerged. For example, various types of Crown entities have been set up to provide varying levels of operational distance from government. For many forms of Crown entity, chief executives are employed by, and are accountable to, the entities’ governance boards. These boards are then accountable to Ministers. Public private partnerships between the public sector and the private sector also establish other lines of accountability outside the “chain”.

30 The Waitangi Tribunal (1998), *The Te Whanau o Waipareira report*, GP Publications, page 128.

31 Stanbury, W (2003), *Accountability to citizens in the Westminster model of government: More myth than reality*, Fraser Institute Digital Publication, page 11.

Roy, J (2008), “Beyond Westminster governance: Bringing politics and public service into the networked era”, *Canadian Public Administration*, Vol 51 No 4, page 545.

State Services Commission (1999), “Improving accountability: Setting the scene”, Occasional Paper No 10.

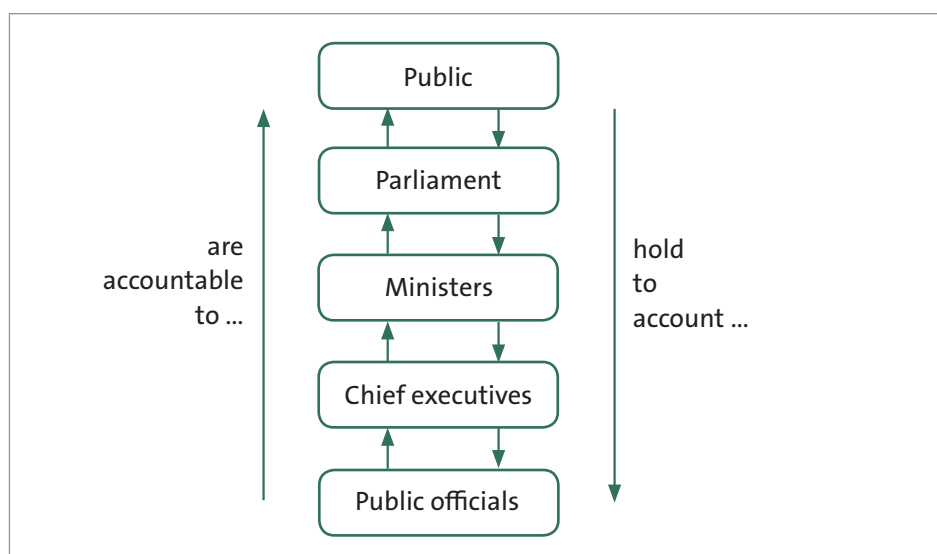
Trenorden, M (2000), “Public sector attitudes to parliamentary committees – A chairman’s view”, *Australasian Parliamentary Review*, Vol 16(2), page 98.

32 Stanbury, W (2003), *Accountability to citizens in the Westminster model of government: More myth than reality*, Fraser Institute Digital Publication, page 11.

Roy, J (2008), “Beyond Westminster governance: Bringing politics and public service into the networked era”, *Canadian Public Administration*, Vol 51 No 4, page 545.

**Figure 1**  
**The Westminster chain of public accountability**

Public officials are held accountable to the public through chief executives, Ministers, and ultimately Parliament.



Source: Adapted from: Stanbury, W (2003), *Accountability to citizens in the Westminster model of government: More myth than reality*, Roy, J (2008); "Beyond Westminster governance: Bringing politics and public service into the networked era"; and State Services Commission (1999), "Improving accountability: Setting the scene".

- 2.37 Many agencies that carry out public accountability functions on behalf of Parliament support and surround this chain. These include the three officers of Parliament – the Auditor-General, the Parliamentary Commissioner for the Environment, and the Ombudsman. Some of these functions include ensuring that annual reports are a true and fair reflection of the activity and performance of public organisations and investigating public sector conduct or complaints.
- 2.38 In addition, many other agencies within the chain also have monitoring functions, including the Treasury, the State Services Commission, the Tertiary Education Commission, the Serious Fraud Office, and the Commerce Commission. Some of these functions include reporting on entity and sector performance and ensuring that the public's money is budgeted, properly authorised, and properly allocated.
- 2.39 The large network of public sector review agencies and monitoring teams that support Parliament and the public is a feature of the New Zealand public accountability system. Although this large network might seem beneficial, overemphasising public accountability can lead to complexity and confusion (see Part 5).

2.40 An Auditor-General's report in 2016 identified 90 inquiry agencies responsible for administering various accountability functions. However, we could not find an explanation or guide that helped make sense of the various accountability functions in New Zealand.<sup>33</sup>

2.41 Whether these indirect avenues are enough in today's more open, dynamic, and connected world is an important question. We explore this question further in Part 4.

### Direct avenues

2.42 Direct avenues are where the public or sections of the public (directly) hold the public sector accountable.

2.43 In New Zealand, direct public accountability avenues are becoming increasingly important. In commenting on the recently announced State sector reforms, Ryan observes that "citizens are now demanding more direct accountability of public officials" and that this is something the Westminster system never envisaged.<sup>34</sup> Hare also argues that, in New Zealand, "Chief executives have responsibilities for which they are personally answerable to the media and the public."<sup>35</sup>

2.44 Direct public accountability can take place, in whole or in part, through avenues such as general and local body elections, referendums, social media, special interest group scrutiny, consultation and complaints processes, the Official Information Act 1982, and the Local Government Official Information and Meetings Act 1987.

2.45 Elements of direct accountability are also found, for example, in increased public participation in policy development, a greater focus on engaging the public in delivering front-line services, and more public reporting through social and other media channels. Many public sector agencies have dedicated media and communications teams to help ensure that a wide range of audiences can understand public reporting. As we discuss in Part 5, all these elements are important, but not necessarily enough, to establish public accountability.

2.46 For some time, local authorities in New Zealand have also been required to directly consult with their communities about future rates increases and their long-term infrastructure and financial strategies.

33 Office of the Auditor-General (2016), *Public sector accountability through raising concerns*, page 14.

34 Ryan, B (2018), *Submissions to the State Services Commission on the proposed reform of the State Sector Act 1988*, page 273.

35 Hare, L (2004), "Ministers' personal appointees: Part politician, part bureaucrat", *New Zealand Journal of Public and International Law*, Vol 2 No 2, page 328.



- 2.47 We recently reported on our audits of councils' 2018-28 consultation documents. We discussed the challenges councils face in understanding different stakeholders in their communities, presenting complex information, and responding to the feedback they receive.<sup>36</sup> As an example, Grey Power Auckland believes that the information included in Auckland Council's long-term plan consultation documents is so complex that it is difficult for ordinary people to take part in the public consultation process.<sup>37</sup>
- 2.48 For Māori, direct accountability to the community is as important as other more formal accountability mechanisms. For example, the Waitangi Tribunal quoted Sharples as saying that "[a]ccountability is in terms of one, the constitution, in terms of what the trustees have to do formally; and there's another kind of accountability which is your personal accountability to the people generally ... and that ... there is, in people fronting up, an accountability to the people, as well as their requirements in terms of the legal constitution".<sup>38</sup>
- 2.49 Examples of more direct public accountability in other countries include:
- a "semi-direct" or "liquid" form of democracy in Switzerland, which is representative (indirect) but also allows citizens to regularly shape legislation and constitutional changes through various direct accountability forums that include referendums and "popular initiatives" where the people propose the change;
  - direct public voting on budgets in Brazil and the ability to draft laws online in Finland; and
  - an online and open consultation process for the entire society to engage in rational discussion on national issues in Taiwan.<sup>39</sup> The aim of "vTaiwan" is to help lawmakers implement decisions with a greater degree of legitimacy by bringing together government ministries, elected representatives, scholars, experts, business leaders, civil society organisations, and citizens.<sup>40</sup>

36 Office of the Auditor-General (2018), *Long-term plans: Our audits of councils' consultation documents*.

37 Office of the Auditor-General (2018), *Long-term plans: Our audits of councils' consultation documents*, pages 21-22.

38 The Waitangi Tribunal (1998), *The Te Whanau o Waipareira report*, GP Publications, page 66.

39 See vTaiwan: [infovtaiwan.tw/](http://infovtaiwan.tw/).

40 Matthews, P (2018), "National portrait: Max Rashbrooke" at [www.stuff.co.nz](http://www.stuff.co.nz), 29 September 2018, referencing Rashbrooke, M (2018), *Government for the public good: The surprising science of large-scale collective action*, Bridget Williams books.

### **In practice, there can be a spectrum of direct and indirect features**

- 2.50 As we previously saw with the Westminster chain, avenues can have features of both direct and indirect accountability. For example, the media can be a direct avenue when it publishes press releases from public organisations and an indirect avenue when it advocates for a particular position or stance. Public accountability through scrutiny by special interest groups can also have elements of direct and indirect accountability.
- 2.51 It is also possible for the public sector to be accountable to the public through more than one avenue. For example, a public organisation and its responsible Minister can be directly accountable to the public for the quality of services and indirectly accountable through Parliament and other agencies for how well it is administered.

### **Public accountability and public management**

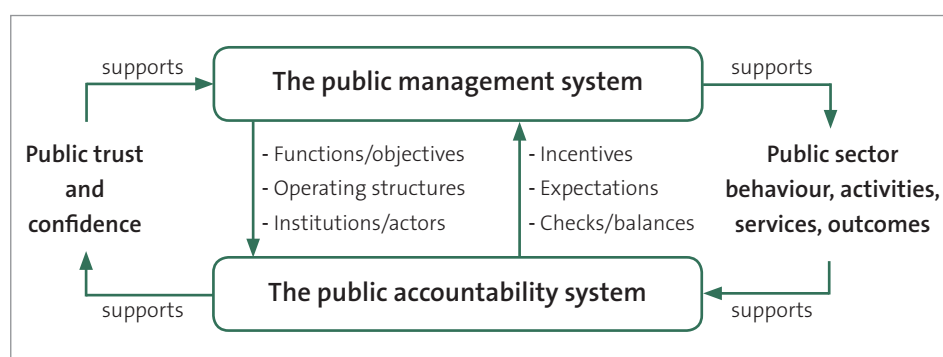
- 2.52 The “public accountability system” brings together principles, procedures, regulations, institutional arrangements, and participants to enable effective public accountability. A system that is clear, is coherent, and works well will contribute to a clear judgement or perception of public sector trustworthiness.
- 2.53 How the public sector is accountable, as Transparency International puts it, “for their exercise of power, for the resources entrusted to them, and for their use of those resources”<sup>41</sup> is not the same as how the public sector manages itself. Simply put, the public accountability system supports public trust and confidence, while the public management system supports the delivery of the right public services in the right way at the right time.
- 2.54 However, the two systems are closely related. As Bovens observes, “[p]ublic accountability, as an institution, therefore, is the complement of public management”.<sup>42</sup>
- 2.55 Figure 2 summarises how the public accountability system complements and interacts with the public management system.
- 2.56 By supporting public trust and confidence, the public accountability system helps provide the “social licence” needed for the public management system to deliver public services. The public accountability system also supports the development of trust within the public management system by establishing expectations for people (and teams of people), providing the necessary checks and balances, and encouraging proper behaviours and cultures.

41 Transparency International New Zealand (2018), *New Zealand national integrity system assessment – 2018 update*, page 24.

42 Bovens, M (2005), “Public accountability”, in Ferlie, E et al (eds), *The Oxford handbook of public management*, Oxford University Press, page 182.

**Figure 2**  
**The relationship between the system of public accountability and the system of public management**

The public accountability system helps support public trust and confidence and complements the public management system.



- 2.57 While separate, the two systems are highly interrelated and mutually reinforcing. Both seek a public sector that operates in a competent, reliable, and honest way, and these attributes are as important to public management as they are to public accountability.
- 2.58 These interrelationships are also found in Moore’s “public value” framework of public management. The framework recognises that public trust and confidence in the public management system increases as public value is created and demonstrated, and that this in turn provides the necessary legitimacy and public support to increase the operational capacity of the public sector further.<sup>43</sup>
- 2.59 The level of trust and confidence the public has depends on how well the public accountability system works with the public management system to demonstrate the public sector’s competence, reliability, and honesty.

43 Kavanagh, S (October 2014), “Defining and creating value for the public”, *Government Finance Review*, page 57, and Kelly, G, Mulgan, G, and Muers, S, “Creating public value – An analytical framework for public service reform”, a discussion paper by the UK Cabinet Office, page 10.

# 3

## Why public accountability is important

- 3.1 We consider the need for public accountability arises because of the need for a trusted relationship between the public sector and the public. It is about the public sector demonstrating its competence, reliability, and honesty in a way that allows the public to judge the trustworthiness of the public sector in using public money and resources.
- 3.2 This Part explores why public trust and confidence are important in the first place, what influences them, and whether they can be maintained.

### The importance of public trust and confidence

- 3.3 When Confucius was asked about government by his disciple Zigong more than 2000 years ago, he said three things were needed for government: weapons, food, and trust. If a ruler cannot hold on to all three, he should give up weapons first then food. However, trust should be guarded to the end because “without trust we cannot stand”.<sup>44</sup>
- 3.4 According to the Treasury, trust is an important part of maintaining New Zealand’s “social capital”.<sup>45</sup> The Organisation for Economic Co-operation and Development (OECD) observes that:
- ... [t]rust is essential for social cohesion and well-being as it affects governments’ ability to govern and enables them to act without having to resort to coercion ... A decline in trust can lead to lower rates of compliance with rules and regulations. Citizens and businesses can also become more risk-averse, delaying investment, innovation and employment decisions that are essential to regain competitiveness and jumpstart growth.<sup>46</sup>
- 3.5 In a representative democracy, where “the public’s power is entrusted to others”,<sup>47</sup> maintaining the public’s trust and confidence is a fundamental responsibility of the public sector.
- 3.6 The importance of maintaining the public’s trust and confidence is central to the purpose and outcomes of many public organisations in New Zealand. According to the State Services Commission, the “Public Service must work with the highest standards of integrity and conduct to ensure the trust and confidence of New Zealanders is maintained”.<sup>48</sup> Public sector organisations such as Auckland Council, the Accident Compensation Commission, the New Zealand Police, and the Serious Fraud Office all carry out surveys of public trust and confidence.

44 Yu, K, Tao, J, and Ivanhoe, P (2010), *Taking Confucian ethics seriously: Contemporary theories and applications*, SUNY Press, Albany, page 99.

45 For more information on the Treasury’s Living Standards Framework and the Four Capitals, see [treasury.govt.nz](http://treasury.govt.nz).

46 OECD (2013), *Government at a glance 2013*, OECD Publishing, Paris, page 21.

47 Finn, P (1994), “Public trust and public accountability”, *Griffith Law Review*, Vol 3 No 2, page 228.

48 State Services Commission (2018), *State Services Commission Annual Report 2018*, page 10.

## Building public trust and confidence

- 3.7 Although public trust and confidence are important, O'Neill observes that we should not necessarily strive for more trust everywhere. Instead, "[i]ntelligently placed trust" should be the goal, which requires "judging how trustworthy people are in particular respects".<sup>49</sup>
- 3.8 Public trust and confidence is built and maintained by the public sector demonstrating competence, reliability, and honesty. To illustrate what these three attributes mean in practice:
- **Competence** can include the qualities of expertise, performance, capability, efficiency, and effectiveness.
  - **Reliability** can include the qualities of exactness, consistency, compliance, predictability, and dependability.
  - **Honesty** can include ethical or behavioural qualities of truthfulness, loyalty, faithfulness, service, openness, fairness, and sincerity.
- 3.9 Integrity is also an important influencer of public trust and confidence. Integrity is a wide-ranging concept that shares many of the qualities of competence, reliability, and honesty. It is about consistently adhering to strong moral and ethical principles. High levels of integrity are associated with low levels of corruption, which is the abuse of entrusted power for private gain.<sup>50</sup>
- 3.10 The idea that competency, reliability, and honesty are central to public trust and confidence is well supported. For example:
- Miller and Listhaug observe that assessing trust in government is a "summary judgement" that the system is "fair, equitable, honest, efficient and responsive to society's needs" even without constant scrutiny.<sup>51</sup>
  - Van Ryzin found "growing evidence from various fields that trust in people and institutions of authority often depends more on process (such as fairness and equity) than on outcomes".<sup>52</sup>
  - Bouckaert, in discussing the importance of performance in building trust in government, also recognises that:

49 O'Neill, O (June 2013), "What we don't understand about trust" (video), [www.ted.com](http://www.ted.com).

50 Transparency International New Zealand (2018), *New Zealand national integrity system assessment – 2018 update*, page 396.

51 Miller, A and Listhaug, O (1990), "Political parties and confidence in government: A comparison of Norway, Sweden and the United States", *British Journal of Political Science*, page 358.

52 Van Ryzin, GG (October 2011), "Outcomes, process, and trust of civil servants", *Journal of Public Administration Research and Theory*, Vol 21 Issue 4, abstract.

*... improving service delivery is necessary but not sufficient for trust ... and that ... Good performance does not necessarily lead to more trust, but bad performance certainly will erode trust.*<sup>53</sup>

- A State Services Commission working paper explains that trust in government is about the level of confidence citizens have in their government “to ‘do the right thing’, to act appropriately and honestly on behalf of the public”.<sup>54</sup> One of the questions asked in the State Services Commission’s *Kiwis Count* survey is “Thinking about your most recent service contact, can you trust [public servants] to do what is right?”<sup>55</sup>
- A paper prepared in 2015 for the Committee of Experts on Public Administration noted that the many definitions of trust in government included common characteristics:

*... the fostering of participatory relationships; perceptions of competence; meeting performance expectations; keeping promises; ‘doing what is right’; and, maintaining a law-abiding society.*<sup>56</sup>

- 3.11 Bouckaert and Van de Walle observe that “[t]he factors determining trust in government are not necessarily the same for every country or political culture”.<sup>57</sup> We agree. New Zealand’s public accountability system has to adapt to a society that is becoming increasingly diverse. We explore this further in Parts 6 and 7.
- 3.12 In 2012, we asked New Zealanders what factors were important in trusting or not trusting public organisations. Figure 3 categorises the responses that related to competence, reliability, and honesty. Most of these related to the attributes of reliability and honesty.

53 Bouckaert, G (2012), “Reforming for performance and trust: Some reflections”, *The NISPAcee Journal of Public Administration and Policy*, Vol V No 1, page 18.

54 Barnes, C and Gill, D (February 2000), “Declining government performance? Why citizens don’t trust government”, SSC Working Paper No 9, page 4.

55 State Services Commission (2017), *Kiwis Count: December 2017 Annual Report*, page 7.

56 Committee of Experts on Public Administration (2015), “Building trust in government in pursuit of the sustainable development goals: What will it take?”, fourteenth session, 20-24 April 2015, page 2.

57 Bouckaert, G and Van de Walle, S (2003), “Comparing measures of citizen trust and user satisfaction as indicators of ‘good governance’: Difficulties in linking trust and satisfaction indicators”, *International Review of Administrative Sciences*, Vol 69 Issue 3, page 6.

**Figure 3**  
**Important factors in trusting or not trusting public organisations – responses to our 2012 survey**

Most responses related to the attributes of reliability and honesty.

Responses that related to competence	Responses that related to reliability	Responses that related to honesty
“skilled personnel”	“checks are in place”	“corruption” or “not corrupt”
“past performance”	“wasting money”	“public servants are well intentioned”
“poor decision-making”	“bureaucracy”	“politically neutral”
	“red tape”	“people/bodies with their own agenda”

3.13 The focus by the public on honesty was also highlighted at a 2018 Audit New Zealand client update, where the Deputy Auditor-General asked a group of public officials “What was more damaging to public trust and confidence – poor performance or poor behaviour?” Of the 191 respondents, 176 said it was poor behaviour.

3.14 These simple examples suggest that, for a public accountability system to be effective, it should demonstrate all three attributes. Focusing on only one attribute is not enough to build and maintain public trust and confidence.

### How public accountability maintains public trust and confidence

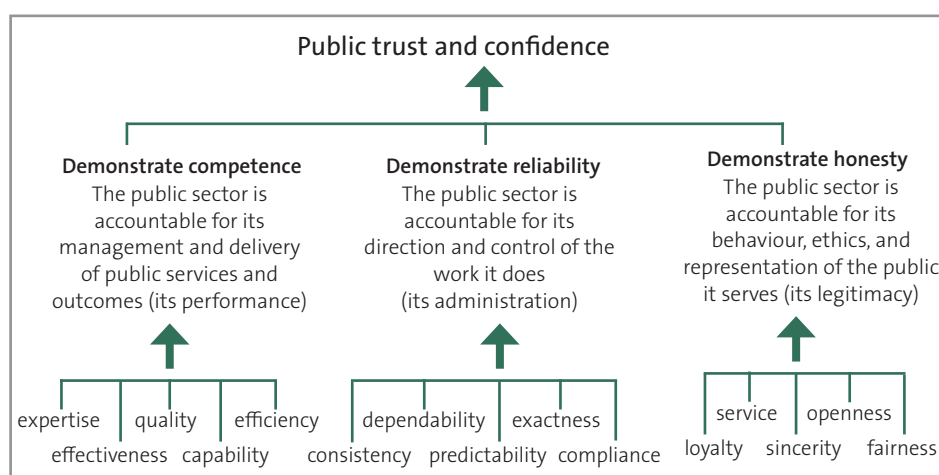
3.15 How much trust and confidence the public has in the public sector depends on many factors and not just the effectiveness of the public accountability system. However, the public sector has a particular ability to influence the public accountability system and shape how it operates in practice. It plays a fundamental part in how the public sector helps to maintain public trust and confidence.

3.16 Figure 4 shows how honesty, competence, and reliability improve public trust and confidence. Greiling reminds us that this is not just a one-way relationship, and that some trust is a necessary prerequisite for effective public accountability to take place.<sup>58</sup>

58 Greiling, D (2014), “Accountability and Trust”, in Bovens, M, Goodin, R, and Schillemans, T, *The Oxford handbook of public accountability*, Oxford University Press, pages 623-626.

**Figure 4**  
**How competence, reliability, and honesty influence public trust and confidence**

The public sector should demonstrate competence, reliability, and honesty to maintain and improve public trust and confidence.



Source: Adapted from Greiling, D (2014), "Accountability and Trust".

- 3.17 All three attributes and their associated accountabilities are needed to build public trust and confidence. This means that it is particularly important for the public sector to ensure that it has effective accountability mechanisms to demonstrate these attributes.
- 3.18 However, depending on the state of the public sector, the expectations of the public or the nature of the accountability relationship, one or more attributes might need emphasising. For example, the results of the Auditor-General's survey indicate that demonstrating honesty and reliability are particularly important to New Zealanders in building public trust and confidence.
- 3.19 In practice, potential trade-offs can also arise. For example, overemphasising reliability (or effective administration) can lead to more "red-tape", which could adversely affect competence (or good performance).
- 3.20 Similarly, overemphasising performance can have perverse effects on honesty and openness. For example, publishing league tables can be good for promoting and managing organisational performance<sup>59</sup> but some suggest it can also undermine the trust and confidence of public officials, leading to defensive, and sometimes perverse, working behaviours.<sup>60</sup> Finding the right balance is crucial to ensuring that the accountability system achieves its objectives.

59 Bevan, G and Wilson, D (July 2013), "Does 'naming and shaming' work for schools and hospitals? Lessons from natural experiments following devolution in England and Wales", *Public Money and Management*, page 245.

60 Davies, H and Lampel, J (1998), "Trust in performance indicators?", *Quality in Health Care*, Vol 7 Issue 3, pages 161-162.



# Contemporary concerns about public accountability

- 4.1 It is not entirely clear how much trust and confidence New Zealanders have in the public sector. However, what is clear is that there is a concern about declining levels of trust in governments globally. Many governments have improving public trust and confidence high on the political agenda.
- 4.2 Understanding the concerns raised about public accountability and why they are raised might provide important insights into the effectiveness of the current system.

## The state of public trust and confidence

- 4.3 International surveys, such as the *Edelman Trust Barometer* and other research, show a trend towards greater distrust of government in many democratic countries.<sup>61</sup> For example, the 2019 *Edelman Trust Barometer*, observes that “[t]he past two decades have seen a progressive destruction of trust in societal institutions” and that, in 2019, the general population distrust government and the media.<sup>62</sup>
- 4.4 In 2017, Foa and Mounk discussed the growing public dissatisfaction with political systems in the United States of America and falling levels of trust in major liberal institutions. Using data from the 1930s to the 1980s, as well as more recent surveys, Foa and Mounk found that, in many countries, including New Zealand, only a minority of younger citizens now believe it is essential to live in a democracy.<sup>63</sup>
- 4.5 Transparency International describes New Zealand as a “high-trust society”,<sup>64</sup> and international surveys tend to show that New Zealand institutions have higher levels of public trust than other countries. For example, the latest OECD Social Cohesion Indicators show that, on average, fewer than half of the people surveyed trust their national government. New Zealanders have the sixth highest level of trust at 59%.<sup>65</sup>
- 4.6 However, surveys in New Zealand provide more mixed results. A 2016 survey by Victoria University of Wellington’s Institute for Governance and Policy Studies (IGPS) found that New Zealanders had low trust in government institutions and that trust had declined in the last three years.<sup>66</sup> IGPS carried out the survey again in 2018 and 2019. The results showed a substantial increase in New Zealanders who trusted central and local government goals but confirmed that net trust

61 Committee of Experts on Public Administration (2015), “Building trust in government in pursuit of the sustainable development goals: What will it take?”, fourteenth session, 20-24 April 2015, pages 3 and 4.

62 *Edelman Trust Barometer* (2019), pages 2 and 4.

63 Foa, R and Mounk, Y (2017), “The signs of deconsolidation”, *Journal of Democracy*, Vol 28 No 1, pages 5 and 6.

64 Transparency International New Zealand (2018), *New Zealand national integrity system assessment – 2018 update*, page 11.

65 OECD (2019), *Society at a glance: 2019 OECD Social Indicators*, OECD Publishing, page 125.

66 Institute for Governance and Policy Studies (in association with Colmar Brunton) (2016), “Who do we trust?” School of Government, VUW, page 2.

(trust less mistrust) was still negative for particular groups such as government ministers and members of Parliament.<sup>67</sup>

- 4.7 Every year, the New Zealand State Services Commission carries out a survey about New Zealander's satisfaction with public services. The latest *Kiwis Count* survey showed that "New Zealanders have high trust in, and satisfaction with, their public services", with 80% of respondents trusting public services based on their personal experience. However, only 50% trust the public sector brand (the perception of government).<sup>68</sup>
- 4.8 The *Kiwis Count* survey found greater trust in the public sector compared with the private sector but also some large variations between regions and ethnic groups. Māori and Pasifika, in particular, have lower trust in the public sector.<sup>69</sup>
- 4.9 An earlier study by the State Services Commission looking at changes in public trust and confidence over time found that public trust and confidence in government declined from 1985 to 1998. This decline did not appear to be related to government performance, which improved during this period.
- 4.10 The authors noted that these findings were similar to earlier studies in the United States.<sup>70</sup> Some of the reasons put forward to explain the apparent decline include globalisation, improved technology, the role of the media and social media, changing citizen expectations, and the many events where public accountability has failed or has appeared to fail.<sup>71</sup>
- 4.11 Many commentators (including O'Neill) point to the subjectivity and variability of these surveys of public trust and the resulting measurement difficulties between international institutions and over time. Public trust and confidence can depend on many factors.
- 4.12 It was also pointed out to us that public perceptions of trust can differ significantly depending on whether the survey is about government institutions, public services, politicians, or political parties.

67 Institute for Governance and Policy Studies (in association with Colmar Brunton) (2018), "Institute for Governance and Policy Studies, School of Government, VUW Public Trust Survey", School of Government, VUW, page 9.  
Institute for Governance and Policy Studies (in association with Colmar Brunton) (2019), "Who do we trust in 2019?", School of Government, VUW, pages 9 and 14.

68 State Services Commission (2019), *Kiwis Count: 2018 Annual Report*, page 5.

69 State Services Commission (2019), *Kiwis Count: 2018 Annual Report*, page 6.  
State Services Commission (2018), *Kiwis Count: December 2017 Annual Report*, pages 9-10.

70 Barnes, C and Gill, D (February 2000), "Declining government performance? Why citizens don't trust government", SSC Working Paper No 9, page 8.

71 Barnes, C and Gill, D (February 2000), "Declining government performance? Why citizens don't trust government", SSC Working Paper No 9, pages 16-20.

- 4.13 Despite the apparent potential for imprecision and inconsistency in these surveys, Bannister and Connolly observe that “the desire to increase trust in government remains a continuing feature of the political landscape”.<sup>72</sup>

### Concerns about public accountability

- 4.14 In New Zealand, crises that have been reportedly associated with significant “accountability failures” include Cave Creek (1995), the Pike River Mine (2010), and the CCTV Building (2011). More recent examples include the public accountability questions raised as part of the 2015 review into issues at Child, Youth and Family Services.<sup>73</sup>
- 4.15 There is also ongoing media commentary about the perceived lack of public accountability, including an *Otago Daily Times* editorial about some public organisations becoming less transparent.<sup>74</sup> Edwards, in a recent opinion piece, also asked “How much accountability is there in New Zealand politics and public life?” His answer was “[n]ot enough, it seems, going on recent controversies”.<sup>75</sup>
- 4.16 In looking at the New Zealand public sector, Transparency International in its National Integrity System Assessment – 2018 update, observes that:
- ... [a]ccountability relationships within the public sector, among agencies, departments, and their ministers, are clear at the operational level [but the] executive’s accountability for the impact of policies is not well institutionalised [and this] exposes the government and the public to the risk that policy failures are not recognised and corrected.<sup>76</sup>
- 4.17 Below, we consider what New Zealand and international literature says about public accountability concerns that have arisen from changes in society and the public sector.

72 Bannister and Connolly in Committee of Experts on Public Administration (8 April 2015), “Building trust in government in pursuit of the sustainable development goals: What will it take?”, fourteenth session, 20-24 April 2015 (item 3 of the provisional agenda), page 4.

73 *Investing in New Zealand’s children and their families*, final report of the Modernising Child, Youth and Family Panel for the Ministry of Social Development, December 2015, page 7.

74 Editorial (February 2018), “The perils of secrecy”, *Otago Daily Times*.

75 Edwards, B (2017), “Bryce Edwards analysis: The unaccountability of elites”, *Evening Report*, 23 May 2017.

76 Transparency International New Zealand (2018), *New Zealand national integrity system assessment – 2018 update*, page 135.

### Concerns arising from changes in the public's expectations

- 4.18 Roy observes that “in today’s world, information is everywhere, and answerability has been diffused in many directions beyond Parliament”.<sup>77</sup> Increasingly, one of these directions involves more direct accountability to the public.
- 4.19 Matthews suspects that there are now significant differences between the way the public understands accountability and the way politicians and public officials understand it.<sup>78</sup>
- 4.20 Johnson, Rochkind, and DuPont found that, in the United States, a leader’s perspective of accountability fell well short of “addressing the public’s most potent concerns”.<sup>79</sup> For example, leaders considered that improved accountability results from improved targets and benchmarks. However, the public considered that improved accountability addresses broad moral and ethical issues. Leaders placed reliance on transparency and disclosure, but this did not reassure the public. Instead, the public felt overwhelmed and manipulated.<sup>80</sup>
- 4.21 The American-based research found a “potentially corrosive gap between the way leaders in government, business, education, health care, and other sectors define accountability and the way typical Americans think about it”.<sup>81</sup> The 2011 study found “the strategies many leaders rely on to persuade the American public that they are being ‘accountable’ are almost certain to disappoint”.<sup>82</sup>
- 4.22 Scott, in discussing the many public accountability concerns that arose from the 1995 Cave Creek disaster in New Zealand, found that, despite the “rapid development of accountability systems, the demand by the public for accountability seems louder”. Scott goes on to say that, arguably:
- ... the failure of the array of sophisticated accountability institutions to satisfy the growing demands for accountability means that the wrong approach has been taken or, at the very least, that something in the approach is missing.*<sup>83</sup>
- 4.23 This difference between what the public expects and what the public sector demonstrates might explain why Dormer, in researching accountability and

77 Roy, J (2008), “Beyond Westminster governance: Bringing politics and public service into the networked era”, *Canadian Public Administration*, Vol 51 No 4, page 546.

78 Matthews, D (2011), Foreword, in Dubnick, M and Frederickson, H, *Accountable governance – Problems and promises*, page xi.

79 Johnson, J, Rochkind, J, and DuPont, S (2011), *Don’t count us out*, Public Agenda and the Kettering Foundation, page 6.

80 Johnson, J, Rochkind, J, and DuPont, S (2011), *Don’t count us out*, Public Agenda and the Kettering Foundation, pages 11 and 12.

81 Johnson, J, Rochkind, J, and DuPont, S (2011), *Don’t count us out*, Public Agenda and the Kettering Foundation, page 6.

82 Johnson, J, Rochkind, J, and DuPont, S (2011), *Don’t count us out*, Public Agenda and the Kettering Foundation, page 6.

83 Scott, G (2001), *Public management in New Zealand – Lessons and challenges*, New Zealand Business Roundtable, pages 155 and 157.

public governance in New Zealand, observes that “governments, and individual government agencies, often publish significant amounts of information that is neither read nor understood by those to whom they are accountable”.<sup>84</sup> It also clarifies why O’Neill believes that, although:

... *the accountability revolution has made striking advances, in which increased demands for control and performance, scrutiny and audit have been imposed ... we find in fact growing reports of mistrust.*<sup>85</sup>

- 4.24 Espeland and Sauder claim that, where “accountability once included many different practices, making institutions accountable now usually means making them ‘auditable,’ which often involves devising indicators to measure performance”.<sup>86</sup>
- 4.25 One of the many issues they raise was that simplified indicators are decontextualized and depersonalised by necessity. This means that they are open to multiple interpretations and can have unintended consequences. The authors used the example of doctors in the United States whose surgical decisions are influenced by their scorecards.<sup>87</sup>
- 4.26 Gill and Zuccollo, in discussing the role and limits of performance measures in a public accountability context, are aligned with the American-based research referred to above. They claim that “what managers think is important in terms of performance can often differ from what citizen and service users think is important”.<sup>88</sup>
- 4.27 MacCarthaigh and Boyle also believe that focusing on improving performance is not enough. They point out that “good performance cannot absolve public authorities from their duties to respect the first two functions” (democratic and constitutional accountability).<sup>89</sup>
- 4.28 Botsman believes that one reason public trust and confidence has apparently declined is because the traditional way people have established trust through institutions is not well designed for a digital age. She observes that “[w]e have entered an age where individuals can have more sway than traditional

84 Dormer, R (2018), “Accountability and public governance in New Zealand”, unpublished summer research paper for the Office of the Auditor-General, pages 31-32.

85 O’Neill, O (2002), “Lecture 3: Called to account”, *Reith lectures: A question of trust*, BBC, page 14 of transcript.

86 Espeland, W N and Sauder, M (2007), “Rankings and reactivity: How public measures recreate social worlds”, *American Journal of Sociology*, Vol 113 No 1, page 2.

87 Espeland, W N and Sauder, M (2007), “Rankings and reactivity: How public measures recreate social worlds”, *American Journal of Sociology*, Vol 113 No 1, page 18.

88 Gill, D and Zuccollo, J (2012), *Role and limits of performance measures: Report of the Performance Measurement Research Project for the Technical Working Group*, New Zealand Institute of Economic Research, page 5.

89 MacCarthaigh, M and Boyle, R (2014), “Civil service accountability: Challenge and change”, Institute of Public Administration Research Paper No 12, page 9.

institutions”.<sup>90</sup> Botsman refers to this new form of trust as “distributed” because it emerges across individuals, is not closely held within institutions, and can be scaled globally.<sup>91</sup>

4.29 Botsman argues that:

*... [t]here's plenty of trust out there. It just isn't where it used to be. Trust, the glue that holds society together, has shifted from institutional trust to a new form of distributed trust. Instead of flowing upwards to institutions, experts, authorities and regulators, it now flows horizontally to peers, friends, colleagues and fellow users.*<sup>92</sup>

### Concerns arising from changes in the public sector

4.30 Because the way in which the public sector organises and manages itself to deliver public services has changed, many of the accountability relationships within the public sector have also changed.

4.31 In 2018, the United Kingdom's Institute for Government found that the Westminster system of public accountability (see Part 2) had not kept up with the complexities of modern government and that fundamental gaps had emerged.<sup>93</sup>

4.32 Many of these complexities stem from the 1980s reforms in many countries and subsequent adjustments over time. These reforms, as we discuss in more detail in Part 6, included public sector organisations becoming more business-like, autonomous, and focused on specified activities and outputs. They also involved a changing set of relationships between the public, parliament, Ministers, and public officials.

4.33 Haque believes these changes have posed:

*... a challenge to the traditional mode of accountability based on a closer public scrutiny of public service activities through parliamentary debates, legislative committees, administrative tribunals, and other democratic means.*<sup>94</sup>

90 Botsman, R (2017), “Trust in 2030 – from institutions to individuals”, World Economic Forum, Annual Meeting of the Global Future Councils, 10 November 2017.

91 Gome, A (2017), “In trust we don't”, edition 4 of *The Press*, PwC Australia, 12 December 2017.

92 Botsman, R (2017), “Trust in 2030 – from institutions to individuals”, World Economic Forum, Annual Meeting of the Global Future Councils, 10 November 2017.

93 Guerin, B, McCrae, J, and Shephard M (2018), “Accountability in modern government: What are the issues?”, a discussion paper from the Institute for Government, April 2018, page 5.

94 Haque, M S (2001), “The diminishing publicness of public service under the current mode of governance”, *Public Administration Review*, Vol 61 Issue 1, pages 71-72.

- 4.34 For example, McLeay also observes that, in New Zealand, the rapid change in the public sector has affected the capacity of parliamentary committees to effectively scrutinise agencies' activities.<sup>95</sup>
- 4.35 We were told that the 1980s reforms have led to an emphasis on holding individuals to account through a system of "single-point" accountabilities with a focus on entity outputs rather than on outcomes for New Zealanders. This approach to accountability might have improved the efficiency of public services, but we were told that it might have also led to a more risk-averse public sector with an internalised culture of silos.
- 4.36 As noted in Part 2, a central feature of the Westminster system is that public officials are accountable only to their Minister.<sup>96</sup> This anonymity from the public's gaze helps public officials provide Ministers with trusted and free and frank advice, which is fundamental to their working relationship. However, researchers have observed that the anonymity of senior public officials has diminished as they have become more exposed to Parliament, the media, and the public.<sup>97</sup> As a result, the level of free and frank advice has diminished, and other tensions have emerged in the relationship.<sup>98</sup>
- 4.37 For example, Paun and Harris, in 2013, observe that the relationship between senior public officials and responsible Ministers in the United Kingdom government has become, at times, difficult, operating in a "messy, unpredictable and opaque fashion that serves nobody's interests" – including the public. They suggest more clarity is required about who is accountable for what.<sup>99</sup>
- 4.38 In New Zealand, James has noted that the relationship between chief executives and Ministers has also become strained as the former's anonymity,

95 McLeay, E (2001), "Parliamentary committees in New Zealand: A House continuously reforming itself?", *Australasian Parliamentary Review*, page 55.

96 Stanbury, W T (2003), *Accountability to citizens in the Westminster model of government: More myth than reality*, Fraser Institute, page 11.

Roy, J (December 2008), "Beyond Westminster governance: Bringing politics and public service into the networked era", *Canadian Public Administration*, Vol 51 No 4, page 545.

97 Hare, L (2004), "Ministers' personal appointees: Part politician, part bureaucrat", *New Zealand Journal of Public and International Law*, Vol 2 No 2, pages 326-329.

Ryan, B (2006), "Beyond Westminster: Thinking the Aotearoa/New Zealand way of governing", *Policy Quarterly*, Vol 2 No 3, pages 40 and 41.

98 Hare, L (2004), "Ministers' personal appointees: Part politician, part bureaucrat", *New Zealand Journal of Public and International Law*, Vol 2 No 2, pages 326-329.

Ryan, B (2006), "Beyond Westminster: Thinking the Aotearoa/New Zealand way of governing", *Policy Quarterly*, Vol 2 No 3, pages 40 and 41.

99 Paun, A and Harris, J (December 2013), "Accountability at the top", an Institute for Government publication, pages 4, 5, and 6.

in particular, has diminished.<sup>100</sup> However, chief executives are not only more exposed to Parliament, the media, and the public. They can also face multiple accountabilities, including to many Ministers, boards, central agencies, the Auditor-General, and the Ombudsman, as well as their legal and professional accountabilities.

- 4.39 To complicate matters further, for certain activities, some chief executives are not accountable to the Government and Ministers at all. For example, under section 5 of the State Sector Act 1988, the State Services Commissioner must act independently of the Minister of State Services when dealing with certain matters relating to individual chief executives. The Commissioner of Inland Revenue and the Government Statistician are also chief executives with statutory independence for certain activities.
- 4.40 According to Ryan, all public officials are increasingly working in policy networks with a wide range of stakeholders, including the public. This has meant that public officials “must act in ways that go beyond the traditional prescriptions and proscriptions” and that are sometimes “different from those presupposed by logical derivation from classical Westminster conventions”.<sup>101</sup>
- 4.41 These (and other) concerns suggest that traditional forms of public accountability might be struggling to keep up with the public’s changing expectations and the realities of modern government. Mulgan suggests that a sole channel of public accountability through a single chain of ministerial responsibility is unrealistic in a modern society.<sup>102</sup> In the next Part, we discuss how approaches to public accountability can be better planned for, managed, and evaluated.

100 James, C (2002), *The tie that binds*, Institute of Policy Studies and the New Zealand Centre for Public Law, pages 24-31.

101 Ryan, B (2006), “Beyond Westminster: Thinking the Aotearoa/New Zealand way of governing”, *Policy Quarterly*, Vol 2 No 3, pages 42-44.

102 Mulgan, R (1997), “The processes of public accountability”, *Australian Journal of Public Administration*, Vol 56 Issue 1, page 26.



# Planning for, managing, and evaluating public accountability

- 5.1 The extent and nature of the concerns raised about public accountability suggest more work, and possibly new thinking, is needed for the public accountability system to keep up with the public's expectations and the realities of a modern public sector.
- 5.2 Meeting this challenge will need a framework for thinking about what is important for establishing effective public accountability when implementing public policy and delivering services.

## The essential elements of public accountability

- 5.3 As discussed in Part 2, the public sector's competence, reliability, and honesty are not only important in delivering public services but are also attributes that the public looks for in judging trustworthiness. It makes sense that a public accountability system should provide ways for the public to establish, understand, and discuss whether their expectations about these three attributes are being met. As we show below, public accountability is more than just good communication or greater transparency.
- 5.4 There has been a steady stream of research about how accountability is established in practice. For example, Sulu-Gambari describes accountability as a mechanism involving three elements: information, debate, and judgement.<sup>103</sup> Bovens and others provide a framework comprising four interrelated questions: "... 'who' is accountable to 'whom', 'how' and for 'what'?"<sup>104</sup> Bovens himself defines public accountability as:
- ... a relationship between an actor and a forum, in which the actor has an obligation to explain and to justify his or her conduct, the forum can pose questions and pass judgment, and the actor can be sanctioned.*<sup>105</sup>
- 5.5 Ashworth and Skelcher prepared a framework for assessing local government accountability in the UK.<sup>106</sup> The framework focuses on four elements:
- how citizens' views are taken into account;
  - how a local authority gives an account;
  - how citizens hold the local authority to account; and
  - the options for redress.

103 Sulu-Gambari, W (2014), *Examining public accountability and policy issues in emerging economies: A case study of the Federal Ministry of Transport, Nigeria*, PhD thesis, University of Manchester, page 34.

104 Bovens, M, Schillemans, T, and 't Hart, P (2008), "Does public accountability work? An assessment tool", *Public Administration*, Vol 86 Issue 1, page 226.

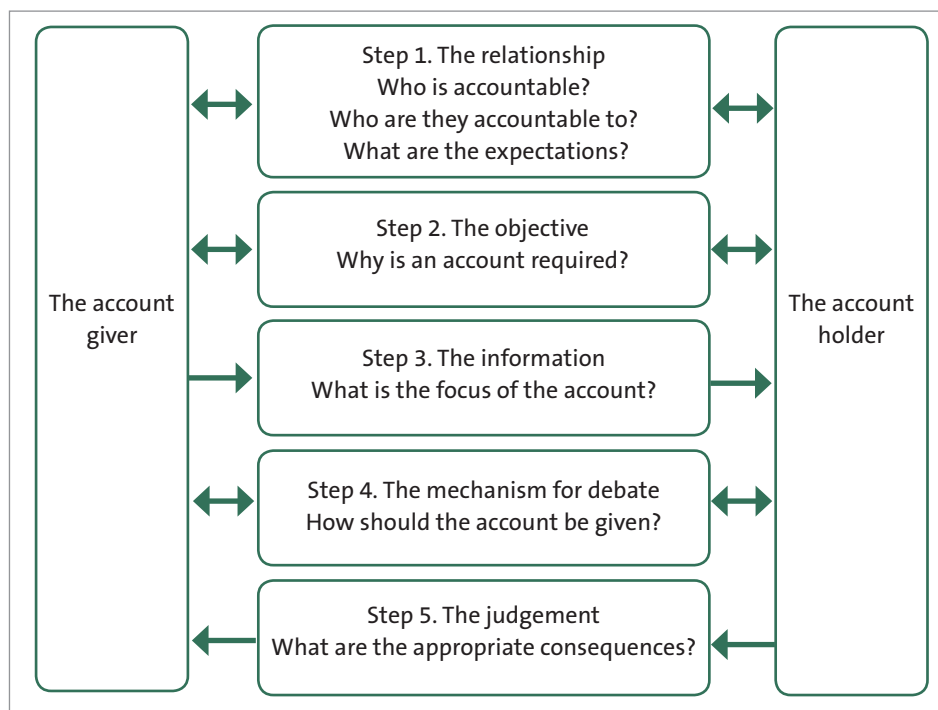
105 Bovens, M (2005), "Public accountability – A framework for the analysis and assessment of accountability arrangements in the public domain", draft made for CONNEX, Research Group 2: Democracy and Accountability in the EU, September 2005, page 7.

106 Ashworth, R and Skelcher, C (2005), "Meta-evaluation of the local government modernisation agenda", *Progress report on accountability in local government*, Centre for Local & Regional Government Research, Cardiff Business School, September 2005.

- 5.6 Mees and Driessen assessed the accountability of local governance arrangements for adapting to climate change in the Netherlands.<sup>107</sup> Their evaluation framework is based on five elements: clear responsibilities and mandates, transparency, political oversight, citizen control, and checks and sanctions.
- 5.7 This research into how accountability is established in practice suggests five essential elements, which we set out in Figure 5. We think these elements can be used to form a five-step process for establishing or evaluating public accountability arrangements between a group or individual that is accountable (the account giver) and a group or individual they are accountable to (the account holder).

**Figure 5**  
**The five essential steps of public accountability**

There are five essential steps that are necessary between the account giver and the account holder to establish public accountability – the relationship, the objective, the information, the mechanism for debate, and the judgement.



Source: Adapted from: Sulu-Gambari, W (2014), *Examining public accountability and policy issues in emerging economies: A case study of the Federal Ministry of Transport, Nigeria*; Bovens, M, Schillemans, T, and 't Hart, P (2008), "Does public accountability work? An assessment tool"; Bovens, M (2005), "Public accountability – A framework for the analysis and assessment of accountability arrangements in the public domain"; Ashworth, R and Skelcher, C (2005), "Meta-evaluation of the local government modernisation agenda"; and Mees, H and Driessen, P (2018), "A framework for assessing the accountability of local governance arrangements for adaptation to climate change".

107 Mees, H and Driessen, P (2018), "A framework for assessing the accountability of local governance arrangements for adaptation to climate change", *Journal of Environmental Planning and Management*, February 2018, DOI: 10.1080/09640568.2018.1428184.

- 5.8 The five steps should all be aligned with each other. For example, if the purpose of the accountability arrangement is to demonstrate competence (Step 1), the objective might be to encourage improved performance (Step 2). Therefore, more emphasis could be given to performance targets (Step 3), reporting (Step 4), and consequences that control any infringement (Step 5).
- 5.9 However, if the purpose of the accountability arrangement is to demonstrate honesty (Step 1), the objective might be about ensuring proper behaviours (Step 2), which means more emphasis could be given to information on fraud and corruption (Step 3), through mechanisms such as modelled behaviours, probity audits, inquiries, or reviews (Step 4), with consequences that control infringements but also motivate good behaviour (Step 5).
- 5.10 For a public accountability arrangement to be effectively established and seen to be established, each of the elements is needed, as are appropriate structures and institutions to support the elements. These include those who have an overall stewardship and leadership role and those who support and promote the proper functioning of the system.

### **Planning for and managing public accountability**

- 5.11 For public accountability to be effectively established, mechanisms need to be designed and managed on an ongoing basis as an integral part of public sector activity. Thinking about public accountability as a process can help, and there might be a role for some independent assistance with, or assurance over, that process. The five process steps are discussed in more detail below.

#### **Step 1 – Understanding the relationship: Who are the parties and what are their expectations?**

- 5.12 The first step is about understanding who the account holder and the account giver are, the nature of their relationship, and their expectations. Understanding the nature of the relationship has implications for all other steps in this process. For example, the relationship could be with multiple parties, each with diverse cultures and customs.
- 5.13 Understanding each party's expectations and what attributes (competence, reliability, and honesty) should be focused on is important for determining what is needed for the other elements of the public accountability process. All three attributes should be covered to some extent.
- 5.14 In some instances, the nature of the relationship might mean that a formal accountability arrangement between the account holder and account giver is not needed. For example, if the relationship is built on a shared goal, the two parties

could be in a position to trust each other and a more informal accountability approach might be appropriate.

### **Step 2 – Defining the objective: Why is an account required?**

- 5.15 The second step is to identify and define the objectives of the accountability arrangement. The objectives of an accountability arrangement should reflect the expectations of the parties and what these mean for demonstrating the desired attributes of public trust and confidence.
- 5.16 Objectives can include: promoting learning, adaptability, and innovation; developing good behaviours and decision-making; improving performance; increasing responsiveness; supporting a shared understanding; ensuring proper representation and legitimacy; gaining reassurance; or offering a place for public expression.
- 5.17 At times, wider public sector objectives will also influence the extent of the public accountability arrangements. For example, public accountability might need to be constrained in a national security context to avoid damaging the public interest or the security of the nation.

### **Step 3 – The information: What is the focus of the accountability arrangement?**

- 5.18 The third step is about identifying the focus of the accountability arrangement – that is, what it is about and what information is relevant to it. This information is what the account giver provides to the account holder.
- 5.19 It is important to use the right accountability information to meet the objectives and the expectations of the account holder and account giver. For example, the New Zealand public management reforms in the 1980s were primarily a response to widespread concerns about the lack of performance and responsiveness in the public sector.
- 5.20 Because the objectives were to improve performance and decision-making, the accountability information used focused on efficiency, effectiveness, outputs, and outcomes. Gill observes that, among other consequences, the 1980s reforms resulted in a more efficient, responsive, financially accountable, and fiscally controlled public sector.<sup>108</sup>
- 5.21 Where there are multiple objectives, a balanced set of accountability information is important. This might involve information that is quantitative, qualitative, or behavioural.

108 Gill, D (2000), “New Zealand experience with public management reform – or why the grass is always greener on the other side of the fence”, *International Public Management Journal*, Vol 3 No 1, page 60.

- 5.22 For example, survey-based research by Johnson, Rochkind, and DuPont found that, in America, although judging performance using quantitative measures was a helpful performance management tool, being accountable to the public was a reciprocal relationship. It was more about responsible behaviours, ensuring fairness, acting honourably, listening to the public, and responding to people's concerns.<sup>109</sup>

#### **Step 4 – The mechanism for debate: How should the account be given?**

- 5.23 The fourth step is about ensuring that the accountability information is presented properly and that the account holder and account giver are able to understand, debate, and challenge that information if needed.
- 5.24 This can occur through various forums and involve mechanisms such as reporting, presentations, discussions, audits, panels, or reviews. It can be triggered by an event, a project start date, or as part of a regular reporting schedule. The account can simply be providing factual information. If the objectives are more about encouraging learning or promoting good behaviours, the account might be relational and personal in nature (such as face-to-face meetings).
- 5.25 Having an appropriate forum that provides the right mechanism for establishing public accountability is critical. For example, Bovens notes that public management methods, such as implementing quality control systems, benchmarks, or satisfaction surveys:
- ... do not constitute a form of accountability in themselves, as a relationship with a forum is lacking ... and there is ... no formal or informal obligation to account for the results, let alone a possibility for debate and judgement.*<sup>110</sup>
- 5.26 In 2018, Heldt reviewed the World Bank's response to criticism that it was unaccountable and inefficient. The World Bank responded by creating more internal accountability forums and mechanisms, such as in-house evaluation groups, inspection panels, and compliance officer positions. Heldt argues that these internal solutions "paradoxically made the Bank even more encapsulated and less accountable to the outside world".<sup>111</sup>
- 5.27 If the accountability information is not presented properly, public accountability can become a compliance exercise with little usefulness or purpose. For example, Ebriham points out that "[s]imply identifying shortfalls in organizational

109 Johnson, J, Rochkind, J, and DuPont, S (2011), *Don't count us out*, Public Agenda and the Kettering Foundation, pages 6 and 18-26.

110 Bovens, M (September 2005), "Public accountability – A framework for the analysis and assessment of accountability arrangements in the public domain", draft made for CONNEX, Research Group 2: Democracy and Accountability in the EU, page 10.

111 Heldt, E (2018), "Lost in internal evaluation? Accountability and insulation at the World Bank", *Contemporary Politics*, Vol 24 No 5, abstract.

performance and assuming that the information will be used by the organization to improve performance is insufficient for ensuring actual change”.<sup>112</sup>

- 5.28 Manes-Rossi also warns that, if there is a lack of public engagement or participation initiatives, new reporting ideas, such as “integrated reporting” or “sustainability reporting”, might simply be “cosmetic change.”<sup>113</sup>
- 5.29 Public accountability cannot be established unless the accountability information is able to be properly understood, debated, challenged, and acted on. The public sector is responsible for achieving this in an appropriate and balanced way.

### Step 5 – The judgement: What are the appropriate consequences?

- 5.30 The fifth step is about deciding whether, and what, consequences should apply as a result of the accountability arrangement. Consequences that are ambiguous, overemphasised, or not aligned with the objectives can create perverse behaviours and mistrust, rather than promoting good behaviours and public trust.
- 5.31 Two types of consequences are often discussed in the literature – punishment after an event has occurred and motivation or stimulus before an event has occurred. Which is more appropriate will usually depend on the level of trust between the account holder and account giver and the objectives of the accountability arrangement.

#### Punitive approaches

- 5.32 Mansbridge believes that using punishment can be warranted in situations where there is a justified level of distrust or suspicion.<sup>114</sup> This could, for example, be in situations of public crisis, when dealing with organisations outside the public sector, or as a result of, as Johnson and others observe, the public not feeling reassured or trusting.<sup>115</sup>
- 5.33 Similarly, punishment might also be appropriate in situations where the objectives of the accountability arrangement are designed to control the relationship between parties or to discipline one party if expectations are not met.
- 5.34 Behn notes that, in government, “[a]ccountability means punishment” and that the inappropriate use of sanctions can result in excessively cautious behaviour. He

112 Ebriham, A (March 2005), “Accountability myopia: Losing sight of organizational learning” *Nonprofit and Voluntary Sector Quarterly*, Vol 34 No 1, page 67.

113 Manes-Rossi, F (2019), “New development: Alternative reporting formats: a panacea for accountability dilemmas?”, *Public Money and Management*, DOI: 10.1080/09540962.2019.1578540, pages 3-4.

114 Mansbridge, J (2014), “A contingency theory of accountability”, in Bovens, M, Goodin, R, and Schillemans, T, *The Oxford handbook of public accountability*, Oxford University Press, page 55.

115 Johnson, J, Rochkind, J, and DuPont, S (2011), *Don’t count us out*, Public Agenda and the Kettering Foundation, pages 11-12.

observes that, when public officials are held accountable, “two things can happen: When they do something good, nothing happens. But when they screw up, all hell can break loose.”<sup>116</sup>

- 5.35 On the other hand, Edwards notes that many citizens and some members of the media believe that there is a lack of appropriate punishment for senior public officials and politicians who make serious mistakes.<sup>117</sup>

#### **Motivational approaches**

- 5.36 Motivating and encouraging the account giver to demonstrate good behaviour might be a more appropriate approach when the nature of the relationship is more trusting, or when adaptability and learning are important objectives.
- 5.37 For example, Mansbridge argues that, where there is little justified distrust or suspicion, an alternative to punishment would be to focus more on the nature of the relationship, who it is with, and how the account is given.<sup>118</sup> This could be the case where the interests of people or organisations align or they share a common goal.
- 5.38 Bovens, Schillemans, and 't Hart, in discussing how public accountability can motivate learning and improve public sector effectiveness, place more emphasis on a reflective and less punitive process. This involves regular feedback and debate with all stakeholders. Creating the right forum for debate is essential, and, to avoid any defensive behaviours, it must be safe for all parties.<sup>119</sup>
- 5.39 Schillemans and Smulders describe various conditions that, as part of the accountability process, should create more of a learning and innovative culture.<sup>120</sup> These include ensuring that there is a high level of interpersonal trust between all parties and that, if errors are found, they are treated as opportunities and punishments are minimised.

116 Behn, R (2001), *Rethinking democratic accountability*, Brookings Institution Press, pages 3 and 14.

117 Edwards, B (2017), “Bryce Edwards analysis: The unaccountability of elites”, *Evening Report*.

118 Mansbridge, J (2014), “A contingency theory of accountability”, in Bovens, M, Goodin, R, and Schillemans, T, *The Oxford handbook of public accountability*, Oxford University Press, pages 55, 58, and 59.

119 Bovens, M, Schillemans, T, and 't Hart, P (2008), “Does public accountability work? An assessment tool”, *Public Administration*, Vol 86 Issue 1, page 232.

120 Schillemans, T and Smulders, R (2015), “Learning from accountability?! Whether, what, and when”, *Public Performance and Management Review*, Vol 39 No 1, pages 253-255.

## Public accountability is not the solution to all problems

- 5.40 So far, we have focused on how public accountability can be planned for, managed, and evaluated effectively. However, focusing too much on public accountability can also create issues:
- An **accountability dilemma** can arise when management and governance decisions are heavily based on, or influenced by, compliance and/or manipulating accountability requirements.<sup>121</sup>
  - An **accountability paradox** can arise when accountability requirements reduce organisational performance through, for example, higher costs, less responsiveness, a shorter-term focus, risk aversion, and less innovation.<sup>122</sup>
  - A **tyranny of light** can arise when the desire for fully transparent and objective measures leads to complexity, lack of timeliness, less public understanding, secrecy concerns, less rational decision-making, and more public distrust.<sup>123</sup> There is also the risk that “transparency will be seen as a ‘replacement’ for real accountability”.<sup>124</sup>
  - A **multiple accountabilities disorder** can arise where a lack of clarity about what accountability means creates difficulties when organisations attempt to be accountable in the wrong way or try to be accountable in every way.<sup>125</sup>
  - A **problem of many eyes** can arise when organisations have different stakeholders with different and conflicting accountability requirements.<sup>126</sup>
- 5.41 O’Neill captures the overarching issue by observing that “[p]lants don’t flourish when we pull them up too often to check how their roots are growing”.<sup>127</sup>
- 5.42 Public accountability is not a solution for all public sector issues. Care must be taken in how it is planned for and managed to avoid or mitigate unintended consequences on other public sector objectives. As Dubnick observes:
- ... [the many] *promises of accountability ... include unquestioned – and often unsubstantiated – assumptions that various forms of accountability will result*

121 Læg Reid, P and Christensen, T (2013), *Performance and accountability – A theoretical discussion and an empirical assessment*, Stein Rokkan Centre for Social Studies, page 10.

122 Læg Reid, P and Christensen, T (2013), *Performance and accountability – A theoretical discussion and an empirical assessment*, Stein Rokkan Centre for Social Studies, page 10.  
Secretariat for State Sector Reform (November 2011), *Better Public Services – Draft issues paper*, page 6.

123 Dubnick, M and Frederickson, H (2011), *Accountable governance – Problems and promises*, Routledge, page 81.

124 The Centre for Public Scrutiny (2010), *Accountability works!*, page 23.

125 Koppell, J (2005), “Pathologies of accountability: ICANN and the challenge of ‘multiple accountabilities disorder’”, *Public Administration Review*, Vol 65 No 1, page 95.

126 Bovens, M (2005), “Public accountability – A framework for the analysis and assessment of accountability arrangements in the public domain”, draft made for CONNEX, Research Group 2: Democracy and Accountability in the EU, September 2005, page 14.

127 O’Neill, O (2002), “Lecture 1: Spreading suspicion”, *Reith lectures: A question of trust*, BBC, page 6 of transcript.



*in a more democratically responsive government, improvements in the efficient and effective performance of government agencies, a more ethical public sector workforce, and the enhanced capacity of government to generate just and equitable policy outcomes.*<sup>128</sup>

- 5.43 As we noted in Parts 3 and 4, research also suggests that a primary or singular focus on performance can limit the ability of public accountability to maintain the public's trust and confidence in the public sector. Lægreid and Christensen observe that the relationship between performance and accountability is typically "characterized by tensions, ambiguities and contradictions".<sup>129</sup>
- 5.44 Other research supports the view that focusing too much on performance information can limit the effectiveness of public accountability. This can occur, for example, when:
- the information used fosters a narrow perspective on efficiency, objective measurement, or short-term results that do not align with people's wider longer-term expectations;
  - auditing or reviewing performance becomes too compliance based;
  - auditing or reviewing performance focuses on hierarchy and punishment, which can undermine trust;<sup>130</sup> and/or
  - other public accountability mechanisms and attributes are overlooked or not reported on, such as integrity, representation, and administration. Behn observes that "[b]y specifying purpose, measures, and targets, public executives create a specific bias for performance accountability. This is dangerous."<sup>131</sup>
- 5.45 Planning for, managing, and evaluating how the public sector is accountable to the public should be an integral part of the public sector's work, particularly when the relationship between the public and the public sector is changing. In the next Part, we consider how public accountability has changed over time and what this could mean for the future.

128 Dubnick, M (2012), "Accountability as cultural keyword", presentation at a seminar of the Research Colloquium on Good Governance Netherlands Institute of Government, page 5.

129 Lægreid, P and Christensen, T (2013), *Performance and accountability – A theoretical discussion and an empirical assessment*, Stein Rokkan Centre for Social Studies, page 10.

130 Lægreid, P and Christensen, T (2013), *Performance and accountability – A theoretical discussion and an empirical assessment*, Stein Rokkan Centre for Social Studies, page 10.

131 Behn, R (2014), "PerformanceStat", in Bovens, M, Goodin, R, and Schillemans, T, *The Oxford handbook of public accountability*, Oxford University Press, page 460.

# 6

## Approaches to public accountability are always changing

- 6.1 The effectiveness of any public accountability process will be limited if it does not reflect what the public expects of the public sector.
- 6.2 In many countries, rapid changes in technology, the environment, global connections and access to public information, media platforms, and cultural and social diversity are taking place. These changes will not only define what the public sector looks like in the 21st century but will also establish new notions of public trust and challenging traditional approaches to public accountability.

### How public accountability changes over time

- 6.3 The priorities, procedures, and practices of the public accountability system reflect and respond to what Smyth observes is a “dynamic social relationship through which civil society seeks to control and challenge the state”.<sup>132</sup>
- 6.4 The public accountability system must adapt to changing public expectations to maintain the public’s trust and confidence. Wille therefore argues that “[t]he accountability landscape should not be treated as a static structure”.<sup>133</sup>
- 6.5 In discussing how the public accountability system changes, Dowdle observes that it is not so much created through a series of “core conceptual principles” but as continuous refinements to the features of an existing system and, from time to time, more significant paradigm shifts.<sup>134</sup>
- 6.6 Approaches to public accountability have changed throughout history. These changes can occur quite suddenly or build up for many decades.<sup>135</sup>
- 6.7 For example, Lupson notes that, in the 11th century, the Domesday Book allowed King William I to establish a new and significant accountability relationship with all English landowners. They “were now accountable to him as loyal subjects, bound by an oath of allegiance, and William I knew for what they were accountable”.<sup>136</sup> Smyth observes that, in the 19th century, the United Kingdom saw a significant shift towards citizen-centred democratic accountability through

132 Smyth, S (2007), “Public accountability: A critical approach”, *Journal of Finance and Management in Public Services*, Vol 6 No 2, page 33.

133 Wille, A, “The dynamics of the EU accountability landscape: Moving to an ever denser union”, in Christensen, T, and Lægheid, P (2017), *The Routledge handbook to accountability and welfare state reforms in Europe*, Routledge, page 281.

134 Dowdle, M (2006), “Public accountability: Conceptual, historical, and epistemic mappings”, *Regulatory theory: foundations and applications*, ANU Press, page 202.

135 Smyth, S (July 2013), “Rediscovering democratic accountability: The history of an awful idea”, CMS Conference, Manchester, pages 12-15.

136 Lupson, J (2007), *A phenomenographic study of British civil servants’ conceptions of accountability*, PhD Thesis, Cranfield University, page 41.

“a major extension of the right to vote and thereby the ability to hold the government of the day to account”.<sup>137</sup>

- 6.8 More recently, post-war systems of democratic and bureaucratic accountability changed again. Haque observes that, in developing countries after the Second World War:
- ... the forces and processes of democratization in different parts of the world, led to the institutionalization of democratic norms, especially citizens' rights and public interest, as the guiding principles of public accountability.*<sup>138</sup>
- 6.9 In New Zealand, significant system-wide changes to public accountability were last made during the reform of the public management system in the 1980s. These reforms were in many ways similar to those made in other countries such as the UK, Canada, and Australia.
- 6.10 In New Zealand in the 1980s, many saw the public sector as inefficient, unresponsive, and increasingly ineffective. To address these issues of competence, the reforms emphasised ideas such as public choice, self-interest, decentralisation, market-led service delivery, and non-intervention.
- 6.11 The objective of the public sector became economic growth, competition, efficiency, and economy.<sup>139</sup> In response, public accountability mechanisms focused on performance, responsiveness, quality, outputs, and results.
- 6.12 The Treasury's 1987 briefing to the incoming government observed that “Systems of accountability and incentives have not adapted over time to encourage the most efficient and most effective public service.”<sup>140</sup>
- 6.13 Several proposals were made, including improving parliamentary scrutiny, better monitoring arrangements, and stronger management incentives for good performance. At the time, the Treasury considered that effective management systems were crucial “if the electorate is to have confidence that its interests are being pursued by the Government”.<sup>141</sup>
- 6.14 Critical to the reforms' ability to improve public sector performance were a clear separation of the provider and purchaser and a focus on accountability for

137 Smyth, S (2013), “Rediscovering democratic accountability: The history of an awful idea”, CMS Conference, Manchester, July 2013, page 21.

138 Haque, M S (2007), “Limits of public accountability under the reinvented state in developing nations”, *Public Administration Quarterly*, Vol 31 No 3/4, page 436.

139 Haque, M S (2007), “Limits of public accountability under the reinvented state in developing nations”, *Public Administration Quarterly*, Vol. 31 No.3/4, page 432.

140 The Treasury (1987), *Government management: Briefing to incoming government*, Volume 1, chapter 2, page 50.

141 The Treasury (1987), *Government management: Briefing to incoming government*, Volume 1, chapter 2, page 54.

performance.<sup>142</sup> Rather than as citizens, the public was treated more as customers with rights to services and information only.<sup>143</sup>

- 6.15 Smyth describes the international reforms as a “clash” of systems<sup>144</sup> where new “managerialist forms of accountability” challenged traditional notions of democratic accountability.<sup>145</sup> For Parker and Gould, the reforms substantially reoriented public accountability inwards to improve organisational performance and away from Parliament and the public.<sup>146</sup>
- 6.16 Mulgan observes that, although the reforms strengthened parliamentary scrutiny compared with other countries, there was a “lack of interest in improving accountability directly to members of the public who use public services”.<sup>147</sup>
- 6.17 For many countries, focusing on public sector performance was warranted and still is today. However, some researchers have questioned whether this focus has been overemphasised at the expense of other public sector management and public accountability objectives.
- 6.18 For example, Houston and others suggest that the 1980s reforms were “promoted and adopted without first developing a sound understanding about what influences citizen attitudes.”<sup>148</sup> Behn asks “[h]as performance become so important that we have begun to ignore our concerns for finances and fairness?”<sup>149</sup> For Behn, finances in this context mean whether “agencies handle our tax dollars with care”.<sup>150</sup>
- 6.19 Norman saw the 1980s reforms as taking too much of a “one-dimensional, simplified approach to management control issues” with a “[s]ingle minded focus on the achievement of goals”. He believed that the challenge for the public sector

142 Stewart, J and Walsh, K (1992), “Change in management of public services”, *Public Administration*, Vol 70 No 4, pages 504-508.

143 Stewart, J and Walsh, K (1992), “Change in management of public services”, *Public Administration*, Vol 70 No 4, page 507.

144 Smyth, S (July 2013), “Rediscovering democratic accountability: The history of an awful idea”, CMS conference, Manchester, page 3.

145 Smyth, S (July 2013), “Rediscovering democratic accountability: The history of an awful idea”, CMS conference, Manchester, pages 3 and 30.

146 Parker, L and Gould, G (1999), “Changing public sector accountability: Critiquing new directions”, *Accounting Forum*, Vol 23 No 2, pages 123-125 and 130.

147 Mulgan, R (2004), “Public sector reform in New Zealand: Issues of public accountability”, Asia Pacific School of Economics and Government Discussion Paper 04/03, page 6.

148 Houston, D, Aitalieva, N, Morelock, A, and Shults, C (2016), “Citizen trust in civil servants: A cross-national examination”, *International Journal of Public Administration*, DOI: 10.1080/01900692.2016.1156696, page 2.

149 Behn, R (2001), *Rethinking democratic accountability*, Brookings Institution Press, page 38.

150 Behn, R (2001), *Rethinking democratic accountability*, Brookings Institution Press, page 39.

would be to balance the multiple and competing sets of values that would arise as the ideals and the focus of the public management system changed.<sup>151</sup>

- 6.20 From a public accountability perspective, the 1980s reforms were built on the presumption that improved public sector performance, when reviewed and publicly reported, would inevitably generate greater public trust and confidence. Among other things, this reinforced the value of auditing the reporting of that performance.

### The public audit explosion

- 6.21 Independent public sector auditing has been an important part of good public management and accountability since the 1860s. Although the practice of auditing existed earlier, Bunn observes that, in the United Kingdom and Australia during the 19th century, “[t]he role of the Auditor-General changed from providing an administrative function for Executive government to that of an independent officer of Parliament operating as a check on Executive government”.<sup>152</sup>
- 6.22 The 1980s reforms reinforced the importance of the public audit function. Grube states that, as a result of the reforms, public officials were increasingly held directly accountable for management and administrative mistakes.<sup>153</sup> Combined with the greater autonomy and profile of public officials and their agencies, this meant that more specialist institutions were needed to monitor, review, and report on agency performance and the disclosure of information.
- 6.23 The expansion of these specialist institutions, particularly in the UK, Australia, and New Zealand, has been referred to by researchers as an “audit explosion”. For example, in New Zealand, the Education Review Office was established in 1989 to review school performance and the Crown Company Monitoring Unit was established in 1993 to monitor various Crown entities, including State-owned enterprises, health provider companies, and Crown Research Institutes.<sup>154</sup> Norman observed that the Office of the Auditor-General became the “single and most feared and respected agency”.<sup>155</sup>

151 Norman, R (2003), *Obedient servants? Management freedoms and accountabilities in the New Zealand public sector*, Victoria University Press, pages 195, 220, and 233.

152 Bunn, M (January 2017), “The development of public sector audit independence: The colonial experience in Western Australia”, PhD thesis, Curtin University, page 2.

153 Grube, D (July 2015), “Responsibility to be enthusiastic? Public servants and the public face of ‘promiscuous partisanship’”, *Governance*, Vol 28, Issue 3, pages 1 and 5.

154 Reddy, K (2010), *The relationship between corporate governance practices and financial performance in New Zealand: An empirical investigation*, PhD thesis, University of Waikato, page 91.

155 Norman, R (2003), *Obedient servants? Management freedoms and accountabilities in the New Zealand public sector*, Victoria University Press, page 167.

- 6.24 Power perceived this “audit explosion” as a “major shift in power: from the public to the professional, and from teachers, engineers and managers to overseers”.<sup>156</sup>
- 6.25 New auditing approaches for holding the public sector to account were also introduced at that time. As Karakatsanis notes, Supreme Audit Institutions (SAIs) in the 1970s were not equipped with the right audit tools and methodologies, and faced “an accountability model that escaped their traditional mandates”.<sup>157</sup>
- 6.26 In response, the International Organisation of Supreme Audit Institutions (INTOSAI) introduced “performance auditing”, which was an approach “designed to ensure that governments are spending public money with due regard to economy, efficiency and effectiveness”. From the late 1980s, performance auditing became an established part of an SAI’s toolkit.
- 6.27 In New Zealand, the public audit function extended into some aspects of honesty and reliability of public officials and public organisations. For example, the Auditor-General’s *Auditing Standard 3* requires auditors to consider how well public organisations and their public officials have met Parliament’s and the public’s expectations of an appropriate standard of behaviour (probity).<sup>158</sup> The Auditor-General is also able to inquire into the conduct of any public organisation.
- 6.28 Ultimately, Bringselius observes that “society decides which values it wants audited”.<sup>159</sup> Duits also argues that, as societies constantly change, “the factors driving the demand for audit may be subject to change”.<sup>160</sup>

### Today’s changing society and its implications

- 6.29 In many countries, including New Zealand, the “dynamic social relationship” continues as public expectations and the public sector interact and adjust to more information, greater interconnectedness, changing technologies and media platforms, global challenges (such as climate change), and changing attitudes, ethnicities, and demographics.
- 6.30 In response to these trends, public sectors have already made changes to improve public management systems and there is more concern for ethics, collaboration and social outcomes.<sup>161</sup> Citizen-centred outcomes, such as the United Nations’

156 Power, M (1994), *The audit explosion*, Demos, pages 2 and 38.

157 Karakatsanis, G (March 2015), “The notion of accountability in a changing public sector and the curious case of the European Union”, *Journal – European Court of Auditors*, No 03/2015, page 10.

158 The Office of the Auditor-General (2017), *AG-3 Effectiveness and efficiency, waste and a lack of probity or financial prudence*.

159 Bringselius, L (2018), “Efficiency economy and effectiveness but what about ethics? Supreme audit institutions at a critical juncture”, *Public Money and Management*, Vol 38 No 2, page 105.

160 Duits, H (2012), *The added value of auditing in a non-mandatory environment*, Amsterdam University Press, page 48.

161 Duncan, G and Chapman, J (2010), “New millennium, new public management and the New Zealand model”, *The Australian Journal of Public Administration*, Vol 69 No 3, page 312.

Sustainable Development Goals, have also become popular ways of measuring, directing, and reporting on government activities and results.

- 6.31 Many of the changes made to date have improved the way the public sector manages and delivers public services in a more diverse, dynamic, and connected society. However, public accountability systems have received less attention and still retain many of the features from the 1980s reforms. These include a strong focus on performance and monitoring, hierarchical relationships with well-defined lines of managerial accountability, and an ongoing view that the public is a customer rather than a citizen.
- 6.32 As the public sector moves into a world where greater public accountability is expected, continuing to rely on traditional approaches might not be enough. For example, Lægreid observes that public accountability relationships may need to become more dynamic and multidimensional.<sup>162</sup> In other words, to be effective in a connected, informed, and diverse world, public accountability might need to have structures and processes that can meet multiple, and sometimes fluid, public relationships and expectations.
- 6.33 Below, we consider some of the changes taking place and what the literature tells us about what they could mean for public accountability and maintaining public trust and confidence in the 21st century.

### Greater interconnectedness

- 6.34 New ways of building public trust and confidence might be needed when the public is more connected in real time.
- 6.35 Botsman argues that, in an increasingly digital and connected society, how the public establishes trust is becoming less institutionalised and more individualised through distributed networks of individuals.<sup>163</sup> Although the questions about trust might remain the same (for example, who are you? is your information reliable? will you do what you say?), establishing trust with a wide network of online strangers is based on immediate reputational feedback mechanisms rather than traditional processes, intermediaries, and institutions.<sup>164</sup>
- 6.36 New businesses are increasingly placing the reputational feedback mechanism at the centre of their business models. For example, ride-share platform Uber relies

162 Lægreid, P (2014), "Accountability and new public management", in Bovens, M, Goodin, R, and Schillemans, T, *The Oxford handbook of public accountability*, Oxford University Press, page 329.

163 Botsman, R (November 2017), "Trust in 2030 – From institutions to individuals", World Economic Forum, Annual Meeting of the Global Future Councils.

164 Thierer, A, Koopman, C, Hobson, A, and Kuiper, C (January 2016), "How the internet, the sharing economy, and reputational feedback mechanisms solve the 'lemons problem'" *University of Miami Law Review*, pages 832, 833, 841, and 858.

on a feedback system for drivers and customers to manage the behaviour of both parties and enable access to the platform.

- 6.37 During times of crisis, different approaches might be needed to interact and engage with a more connected public. For example, a study of a simulated bioterrorist attack in the United States found that pre-existing biases against governmental health and safety agencies mean that the public can ignore traditional sources of expert advice and seek "... their own public health information from mass and social media ...".<sup>165</sup>
- 6.38 As a result, the public tended to perceive that the risks of an attack were higher than they actually were and expected service responses to reflect those perceptions. The researchers suggested that response agencies need additional accountability mechanisms to reflect public preferences and attitudes, rather than relying only on the scientific evidence.<sup>166</sup>
- 6.39 Fergusson also warns that increased interconnectedness has led to a greater polarisation of public views and perspectives.<sup>167</sup> We were told that this could mean the public sector is required to serve, and be accountable to, increasingly divided communities.
- 6.40 Maintaining a positive public reputation or brand with a wider set of audiences is increasingly important in a more connected, polarised, and individualised world. Busuic and Lodge observe that many individuals and organisations are doing more than their mandatory accountability requirements because the way they present themselves and are perceived by wider audiences matters.
- 6.41 In a more connected world, public accountability might be less about reactive control and compliance, and more about proactively maintaining a positive reputation or organisational brand.<sup>168</sup> This aligns with what Botsman has said about the evolution of trust, which has many implications for how public accountability is thought about and approached today.

### **More transparency and information**

- 6.42 Today, through channels such as New Zealand's Official Information Act 1982 and the Local Government Official Information and Meetings Act 1987, more information is available to be aggregated, distributed, scrutinised, and used within

165 Malet, D and Korbitz, M (2014), "Accountability between experts and the public in times of risk", *Australian Journal of Public Administration*, Vol 73 No 4, abstract, page 491.

166 Malet, D and Korbitz, M (2014), "Accountability between experts and the public in times of risk", *Australian Journal of Public Administration*, Vol 73 No 4, pages 492 and 494.

167 Ferguson, N (2017), "The false prophecy of hyperconnection", *Foreign Affairs*, September/October 2017 issue, page 71.

168 Busuic, M and Lodge, M (April 2016), "The reputational basis of public accountability", *LSE Research Online*, pages 2, 3, 7, and 10-22.



and outside the public sector. However, O'Neill warns that simply focusing on greater transparency can often lead to more confusion, uncertainty, and mistrust when, for example, too much information is provided or the information is evasive or uninformative.<sup>169</sup>

- 6.43 The internet, mobile technologies, and social media platforms are creating new opportunities and challenges for the public sector in how to communicate with the public.
- 6.44 Sarah Castel and others surveyed 18- to 35-year-olds about the United Kingdom government's response to the "iPod generation". They found that the survey respondents:
- ... skilfully use new technology to simplify information and to entertain them ... [and] ... are waiting for government and politicians to surprise them with more innovative and exciting ways of getting information across to them.*<sup>170</sup>
- 6.45 Lindquist and Huse recently reviewed the accountability and monitoring of the Canadian government. They found that, although there was greater access to public information, there was little evidence that technology had improved the amount and quality of oversight. As a result, they observed various tensions emerging.<sup>171</sup> For example:
- Long-held expectations of better services and more accountability through greater information and technology are still to be realised.
  - Governments wanting to be transparent and open are finding this difficult while also trying to control the accuracy, audience, and agenda.
  - Different interactive, dynamic, and citizen-driven accountability mechanisms are emerging that have implications for traditional vertical and horizontal accountability structures.
- 6.46 Lindquist and Huse suggest that, where vast amounts of data and information is available, more research is needed into new "modes" of accountability. In particular:<sup>172</sup>
- how accountability information is supplied and used;
  - how the public could participate more in budgeting and monitoring processes;
  - how parliamentary scrutiny and internal oversight processes could be improved;

169 O'Neill, O (2002), "Lecture 4: Trust and transparency", *Reith lectures: A question of trust*, BBC, page 19 of transcript.

170 Castell, S, Sweet, O, Haldenby, A, and Parsons, L (2008), *A new reality: Government and the iPod generation*, IPSOS MORI, pages 9 and 34.

171 Lindquist, E and Huse, I (2017), "Accountability and monitoring government in the digital era: Promise, realism and research for digital-era governance", *Canadian Public Administration*, Vol 60 No 4, pages 645-646.

172 Lindquist, E and Huse, I (2017), "Accountability and monitoring government in the digital era: Promise, realism and research for digital-era governance", *Canadian Public Administration*, Vol 60 No 4, pages 644, 646-648.

- new ways of visualising data for management and accountability purposes; and
- emerging multi-dimensional or hybrid approaches to accountability.

### Changing media platforms

- 6.47 Traditional media plays an important role in informing the public about what is happening in their world. Klijn and Koppenjan have referred to the media as the “watchdog of democracy”.<sup>173</sup>
- 6.48 However, in the last few decades, the media has been fundamentally changed by the internet, new technologies, and competition for revenue in a shrinking and increasingly fragmented market. Social media channels that share content, rather than those that produce it, receive the most attention and financial benefit through advertising revenues.<sup>174</sup>
- 6.49 The consequences of these changes have been serious for media institutions and have significantly affected how well informed certain communities are. In 2018, Abernathy observed that the decline of local media has led to the rise of “news deserts” – communities that do not have local news coverage.
- 6.50 Abernathy found that “between 1,300 and 1,400 communities that had newspapers of their own in 2004 now have no local news coverage at all”. She also observed that those with the least access to local news “are often the most vulnerable – the poorest, least educated and most isolated”.<sup>175</sup>
- 6.51 At the same time, the rise of the internet, social media, and new technologies has made it significantly easier for misinformation and “fake news” to spread. Traditional media is finding it harder to compete as people increasingly seek out information that aligns with their views, regardless of whether it is accurate. Kevin Kelly, co-founder of *Wired* magazine, said that “truth is no longer dictated by authorities, but is networked by peers. For every fact there is a counterfact. All those counterfactuals and facts look identical online, which is confusing to most people.”<sup>176</sup>

173 Klijn, E and Koppenjan, J (2014), “Accountable networks”, in Bovens, M, Goodin, R, and Schillemans, T, *The Oxford handbook of public accountability*, Oxford University Press, page 249.

174 Myllylahti, M (2018), *Google, Facebook and New Zealand news media: The problem of platform dependency*, Auckland University of Technology, page 6.

175 Abernathy, P (2018), *The expanding news desert*, University of North Carolina at Chapel Hill, pages 5, 9, and 11.

176 Kelly, K (2017), “Lies, propaganda and fake news: A challenge for our age”, BBC *Future Now* article by Richard Grey, 1 March 2017.

- 6.52 Iyengar and Hahn, in discussing mass media and its implications, observed that as:  
*... increasing numbers of Americans fall outside the reach of the news, they become both less informed about current affairs and more susceptible to the persuasive appeals of political elites.*<sup>177</sup>
- 6.53 What represents “news” has also changed in derivation, emphasis, format, and frequency. Tony Blair, in talking about public life and the media, observed:  
*The news schedule is now 24 hours a day, 7 days a week. It moves in real time. Papers don't give you up to date news. That's already out there. They have to break stories, try to lead the schedules. Or they give a commentary. And it all happens with outstanding speed.*<sup>178</sup>
- 6.54 These changes to the way news is created and sold has transformed the relationship between the public sector and the media. As Blair noted, for politicians and senior public officials, a large part of the job:  
*... as big as anything else – is coping with the media, its sheer scale, weight and constant hyperactivity ... Frequently the problem is as much assembling the facts as giving them. Make a mistake and you quickly transfer from drama into crisis.*<sup>179</sup>
- 6.55 Fisher observes that government and the media are complicit in creating an adverse relationship where the public could suffer because of a lack of facts.<sup>180</sup>
- 6.56 The New Zealand Media Council argues that the role of the independent professional news media is more important than ever.<sup>181</sup> However, Google New Zealand reminds us that the internet provides a much broader toolbox to achieve many of the democratic functions of the press. Google observes “[w]hile the traditional media remains a way to ‘represent the public’, new media allows the public to represent themselves”.<sup>182</sup> Although this view is important, others have highlighted the need for it to be weighed against potentially negative ethical and privacy implications of these new media platforms.<sup>183</sup>

177 Iyengar, S and Hahn K (2008), *The political economy of mass media: Implications for informed citizenship*, Stanford University Political Communications Lab Research Paper, page 30.

178 Blair, T (2007), “Lecture by the Prime Minister the Right Honourable Tony Blair MP on public life”, *10 Downing Street press notice*, 12 June 2007, pages 2-3.

179 Blair, T (2007), “Lecture by the Prime Minister the Right Honourable Tony Blair MP on public life”, *10 Downing Street press notice*, 12 June 2007, page 3.

180 Fisher, J (2010), “Tony Blair’s lecture on public life and the media: Functional applications for business and research”, *Competition Forum*, page 315.

181 The Law Commission (March 2013), *Report 128 on “The news media meets ‘new media’*, page 59.

182 The Law Commission (March 2013), *Report 128 on “The news media meets ‘new media’*, page 59.

183 For example, see “Two cents’ worth: Raw power in the internet era” (March 2019), a Newsroom and Radio New Zealand podcast by Bernard Hickey at newsroom.co.nz.

- 6.57 Although the public sector has cautiously embraced new technologies and forms of social media,<sup>184</sup> the pervasiveness of the media's influence on the public means that the public sector needs to be able to work with and leverage this evolving relationship.

### Greater cultural diversity

- 6.58 Jordan argues that, although accountability might be a universal desire for most people, this does not automatically lead to a universal way of approaching and establishing accountability.<sup>185</sup>
- 6.59 Bouckaert and Van de Walle also observe that “[t]he factors determining trust in government are not necessarily the same for every country or political culture”.<sup>186</sup> These differences can have important implications for how effectively public accountability can be established in diverse societies.
- 6.60 Jordan observes clear differences between “western” and “non-western” ways of establishing accountability. She looked at two non-western approaches to accountability. The common theme was a focus on collective or community accountability and a closeness between the “ruler and the ruled”. In other words, “a leader does not lead the community as such, but guides it from within”.<sup>187</sup> This was distinguished from western approaches to accountability, which focus on the individual and the separation of the respective parties.
- 6.61 Prescott, Masoe, and Chiang observe that, in Pacific Island communities, traditional approaches to accountability are also more collective and community based, with a “... broad interpretation of accountability compared with tha[t] commonly held in the west.”<sup>188</sup> Among other things, the authors note that accountability relationships can be more informal or oral, and consequences such as a gain or loss of reputation within the community are sometimes more important than any financial reward or sanction.
- 6.62 For example, Dar studied how western and non-western accountabilities collide in post-colonial India – in particular, the accountability relationship between international donor organisations and local non-governmental organisations (NGOs). He found that the donor's requirements for reporting in

184 Office of the Auditor-General (2013), *Learning from public entities' use of social media*, page 5.

185 Jordan, S (2011), “Accountability in two non-western contexts”, in Dubnick, M and Frederickson, H, *Accountable governance: Problems and promises*, M.E. Sharpe, Inc, page 241.

186 Bouckaert, G and Van de Walle, S (2003), *Comparing measures of citizen trust and user satisfaction as indicators of 'good governance': Difficulties in linking trust and satisfaction indicators*, page 6.

187 Jordan, S (2011), “Accountability in two non-western contexts”, in Dubnick, M and Frederickson, H, *Accountable governance: Problems and promises*, M.E. Sharpe, Inc, pages 251-252.

188 Prescott, S, Masoe, A, and Chiang, C (2010), “The concept of accountability in the Pacific: The case of Tonga”, 2010 APIRA conference paper, page 11.

English suppressed local knowledge and led to workers experiencing a sense of disempowerment. It also prevented local NGOs and other stakeholders from establishing an informed and trusting relationship.<sup>189</sup>

- 6.63 Greater cultural diversity can also offer opportunities to improve public accountability systems and relationships between governments and different cultures. For example, in 2017, the Institute on Governance in Canada considered a new accountability framework to support improved relationships between the government and its indigenous peoples. This framework moved away from:

*... a paternalistic, compliance-based model that most closely resembles an agent-principal relationship towards a more mutual, reciprocal model, based on a nation-to-nation, government-to-government relationship.*<sup>190</sup>

- 6.64 An important element of the new framework was that indigenous governments were primarily accountable to their people. Other important elements were reciprocal principles, such as fairness and sharing responsibility and accountability for outcomes.<sup>191</sup>

### A special relationship with Māori

- 6.65 In New Zealand, the Crown has a special relationship with Māori that began when the Treaty of Waitangi was signed in 1840. However, throughout the country and over time, a range of Treaty breaches have harmed this relationship.<sup>192</sup> As we stated in Part 4, Māori trust in the public sector is currently lower than other ethnic groups.
- 6.66 A new Māori/Crown Relations portfolio has recently been created to support the Crown, uphold the Treaty of Waitangi, improve outcomes for Māori, establish closer partnerships between Māori and the Crown, and create opportunities for economic development.<sup>193</sup>
- 6.67 Being properly accountable for that partnership will be an important part of ensuring that the relationship is resilient and sustainable. Understanding the

189 Dar, S (2013), *Hybrid accountabilities: When western and non-western accountabilities collide*, Sage publications, abstract and page 18.

190 Institute on Governance (2017), *Review of accountability and mutual accountability frameworks*, final report submitted to the Assembly of First Nations and the Department of Indigenous and Northern Affairs, Canada, May 2017, page 2.

191 Institute on Governance (2017), *Review of accountability and mutual accountability frameworks*, final report submitted to the Assembly of First Nations and the Department of Indigenous and Northern Affairs, Canada, May 2017, page 12.

192 Office of the Minister for Crown/Māori Relations (2018), "Initial scope of Crown/Māori Relations portfolio", New Zealand Cabinet paper, paragraph 3.

193 Office of the Minister for Crown/Māori Relations (2018), "Initial scope of Crown/Māori Relations portfolio", New Zealand Cabinet paper, paragraphs 7-12.

expectations of all parties, and particularly what the Māori community expect, is an essential first step.

- 6.68 As with other non-western approaches, accountability in tikanga Māori is highly contextual and reflects cultural relationships that are more collective than individual, involves more direct avenues, and has a mix of formal and informal mechanisms.
- 6.69 In one study, Boulton interviewed Māori who provided mental health services throughout New Zealand about their experiences. The responses included:
- Dealing with multiple and collective accountabilities is a normal part of Māori society and not considered problematic.
  - Accountability is not achieved through a single event and can take place at community meetings (hui), face to face (kanohi ki te kanohi), as part of the “kumara vine” (informal channels), through shame (whakamā), and through genealogy (whakapapa).
  - Accountability is regarded as a relationship that flows both ways – it is reciprocal rather than hierarchical and one way.
  - Accountability measures should reflect the work that is valued – these are more outcomes related than output based.
  - Accountability to the community is a positive motivating force that encourages people to go that one step further.
  - There is a need to know the person or people you are accountable to – a contract is not enough.<sup>194</sup>
- 6.70 Other literature shows that important elements include focusing on prevention, transparency, and building trust and relationships through kinship (whanaungatanga).<sup>195</sup>
- 6.71 Māori perspectives on public accountability differ in many ways from what is sometimes referred to as the “western” approach. To fully understand these differences, we must first ask what accountability to Māori would look like.<sup>196</sup> This will help achieve a more relevant public accountability system and allow stronger and more durable relationships with Māori in a post-Treaty settlement world.
- 6.72 Improving the relationship between Māori and the Crown is an important part of the recently announced State sector reforms. In the next Part, we discuss how these reforms might affect the public accountability system.

194 Boulton, A F (2005), *Provision at the interface: The Māori mental health contracting experience*, PhD thesis, Massey University, pages i and 157-162.

195 Ministry of Foreign Affairs and Trade (June 2018), *Universal periodic review – New Zealand draft report* (final draft), page 8.

196 Jacobs, K (2000), “Evaluating accountability: Finding a place for the Treaty of Waitangi in the New Zealand public sector”, *Accounting, Auditing & Accountability Journal*, Vol 13 No 3, page 376.

# The focus on stewardship and well-being in New Zealand

- 7.1 To remain relevant and effective in maintaining public trust and confidence, systems of public accountability must adapt to changes in public expectations.
- 7.2 Central agencies in New Zealand sector are proposing reforms to improve the stewardship of New Zealanders' intergenerational well-being. As happened with the 1980s reforms, these changes will not lessen the public sector's accountability obligations but could change their focus, form, and approach. As part of those changes, the public audit function might also need to adapt.

## The recently announced reforms to public management and public finance systems

- 7.3 The State Services Commission and the Treasury are currently looking to reform the public management and public finance system. The objective of the reforms is to improve New Zealanders' intergenerational well-being through "a more modern, agile, flexible, innovative, and joined-up public sector".<sup>197</sup>
- 7.4 There is also a significant focus on supporting the Māori/Crown relationship and improving the public sector's capability to engage in this relationship. An important part of the reforms is making senior public officials to accountable for supporting this relationship.
- 7.5 These reforms seek to support the State sector to take more of "a medium to long-term, stewardship perspective to support New Zealand".<sup>198</sup> This involves a "philosophical and cultural shift from a 'management' approach to a 'system stewardship' approach".<sup>199</sup>
- 7.6 According to a 2013 amendment to the State Sector Act 1988, stewardship is the "active planning and management of medium- and long-term interests, along with associated advice".<sup>200</sup> This means public officials acting together with a set of shared interests rather than separately with different interests.
- 7.7 Aligned with these reforms, the Department of the Prime Minister and Cabinet has also been working for some time on improving public policy by helping "the New Zealand public sector to develop a deeper and more consistent understanding of what good engagement with the public means".<sup>201</sup>

197 Little, S (2018), "Taking a stewardship approach to the public finance system", a speech at the Victoria University of Wellington: School of Government.

198 State Services Commission (December 2018), *State Sector Act review – Consultation document*, page 38.

199 Little, S (2018), "Taking a stewardship approach to the public finance system", a speech at the Victoria University of Wellington: School of Government.

200 Section 2 of the State Sector Act 1988.

201 Open Government Partnership New Zealand (2018), *National Action Plan 2018-2020*, page 24.

- 7.8 Research suggests that public trust and confidence will be an important part of this stewardship approach. For example, Saltman and Ferroussier-Davis observe that “notions of trust, ethical behaviour and good decision-making are inherent in the concept of stewardship”.<sup>202</sup>
- 7.9 For Ranson and Stewart, a stewardship approach in the public sector involves “not merely giving an account by the steward but also that the steward can be held to account and that how that can be done is known to the public to whom accountability is due”.<sup>203</sup>

### Implications for the public accountability system

- 7.10 Because of the emphasis of stewardship on trust and the wider focus on well-being outcomes, the public sector might need to consider how best to plan for and manage the reforms’ implications for public accountability.
- 7.11 For example, Dormer and Ward and also Gill and Boston argue that a move towards more collaboration and accountability for outcomes means that new accountability models, such as joint or shared accountabilities, might be needed.<sup>204</sup>
- 7.12 Well-being outcomes are dynamic, connected, uncertain, and long term. Encouraging and supporting public sector objectives, such as learning, adaptability, strategic thinking, representation, and innovation, become just as important as focusing on incentivising good decision-making, internal control, and performance.
- 7.13 Different ways of describing and assessing what success looks like will also be needed. These could include, for example, measuring the sustainability, resilience, and fairness of well-being outcomes, where the focus is on issues of equity and legitimacy rather than just on performance. Frieling and Warren believe that resilience and sustainability are important factors to consider because of the complex risks New Zealand faces domestically and globally.<sup>205</sup>
- 7.14 Accountability information about outcomes, when compared with output or activity information, will be less precise, sometimes qualitative, and subject to change. It will also need to reflect the aspirations of multiple parties who could be

202 Saltman, R and Ferroussier-Davis, O (2000), “The concept of stewardship in health policy”, *Bulletin of the World Health Organization*, Vol 78 No 6, page 733.

203 Ranson, S and Stewart, J (1994), *Management for the public domain: Enabling the learning society*, Red Globe Press, page 241.

204 Dormer, R and Ward, S (May 2018), “Accountability and public governance in New Zealand”, *Working Paper Series*, No 117, pages 2 and 3.  
Gill, D and Boston, J (2011), “Joint or shared accountability: Issues and options”, Institute of Policy Studies Working Paper.

205 Frieling, M and Warren, K (2018), “Resilience and future wellbeing”, Treasury Working Paper (DP 18/05), executive summary.



affected by those outcomes. This could mean more targeted information and less reliance on averages or majority populations.

- 7.15 Waring has warned that approaches to preparing well-being outcome indicators should avoid “the all-too-common approach of trying to raise averages and not worrying enough about those left behind”.<sup>206</sup>
- 7.16 Outcomes will be of more interest to people and wider communities because of their direct and diverse impacts on people’s daily lives. The mechanisms and forums through which an account is given might need to adapt to more familiar, convenient, and relevant ways of interacting. For example, more direct, collective, and community-based accountability forums might be more relevant when dealing with Māori/Crown relationships.
- 7.17 Parliament’s fundamental scrutiny role and the role of the independent institutions that support Parliament will also need to be considered. The Office of the Clerk of the House of Representatives and the Institute for Governance and Policy Studies at Victoria University of Wellington have recently published a book about improving parliamentary scrutiny of long-term governance and stewardship in government.<sup>207</sup>
- 7.18 James believes that Parliament needs to be modernised so it can better connect with the public. He suggests using collaborative governance, citizen juries, assemblies, and wider polling practices to achieve this. He also discusses using “citizen internet panels”, which would bring together several people from throughout the country to discuss and prepare policies and/or legislation.<sup>208</sup> As we discussed in Part 2, these ideas are all examples of taking a more direct approach to public accountability.
- 7.19 To maintain Parliament’s scrutiny role, it is important to ensure that Parliament, its independent institutions, and other review agencies are able to effectively examine and challenge long-term outcomes.
- 7.20 Perrin suggests that, to implement a long-term outcome focus, a significant change in the approach to management for all aspects of government, including reward mechanisms and accountability approaches, is needed.<sup>209</sup>
- 7.21 For example, in Wales, the focus of the Well-being of Future Generations (Wales) Act 2015 is to ensure that all “public bodies take account of the long-term, help to prevent problems occurring or getting worse, take an integrated and collaborative

206 Waring, M (2018), *Still counting: Wellbeing, woman’s work and policy-making*, Bridget Williams Books, page 83.

207 Boston, J, Bagnall, D, and Barry, A (2019), *Foresight, insight and oversight: Enhancing long-term governance through better parliamentary scrutiny*, Institute for Governance and Policy Studies, Victoria University of Wellington.

208 James, C (November 2018), “The wisdom of crowds versus the madness of crowds”, *Policy Quarterly*, Vol 14 Issue 4, page 41.

209 Perrin, B (March 2015), “Bringing accountability up to date with the realities of public sector management in the 21st century: New view of accountability”, *Canadian Public Administration*, Vol 58 No 1, pages 186-187.

approach, and considers and involves people of all ages”.<sup>210</sup> Public accountability processes have changed in response, and collective accountability is now emphasised.

- 7.22 Under the Act, there is more focus on how public organisations plan and track delivery of outcomes rather than on organisational performance level outputs. For example, there are five new measures of agency success – long-term thinking, prevention, integration, collaboration, and involvement.
- 7.23 These new measures are not traditional measures of agency performance, but each is audited by the Welsh Audit Office. Public accountability structures have also been strengthened, including new and/or expanded review roles for the Future Generations Commissioner, Overview and Scrutiny Committees, and the Auditor-General for Wales.<sup>211</sup>

### **Implications for the role of public audit**

- 7.24 The public audit function continues to be an important part of the public accountability system.
- 7.25 Hay and Cordery observe that the “role of public sector auditing in Westminster systems continues to evolve”.<sup>212</sup> INTOSAI acknowledges that, when focusing on citizen-centred outcomes, new approaches to auditing might be needed.
- 7.26 Looking at how the audit function can support the implementation of the Sustainable Development Goals, INTOSAI is clear that audit offices throughout the world have “an important supporting and leveraging role to play in national, regional, and global efforts to implement the [goals] and to follow-up and review progress that is made”.<sup>213</sup>
- 7.27 As the public sector moves towards greater stewardship, shared values, collaboration, and wider well-being outcomes, the public audit function will need to adapt.

### **Auditing in a stewardship environment**

- 7.28 Stewards are motivated by common objectives, have shared interests, and work together to achieve shared goals. Auditing in a stewardship environment could require a closer relationship between the auditor and the audited organisation. There could

210 The Welsh Government (2016), *Shared purpose: shared future: Statutory guidance on the Well-being of Future Generations (Wales) Act 2015*, page 3.

211 The Welsh Government (2016), *Shared purpose: shared future: Statutory guidance on the Well-being of Future Generations (Wales) Act 2015*, pages 6, 13, and 34.

212 Hay, D and Cordery, C (2017), “The value of public sector audit: Literature and history”, *Journal of Accounting Literature* 2017, page 30.

213 International Organisation of Supreme Audit Institutions, *Strategic plan 2017-2022*, page 6.

be benefits in focusing more on supporting and demonstrating good management and governance, and less on ensuring impartial compliance and conformity.<sup>214</sup>

- 7.29 This could mean, for example, that an audit of a set of financial statements would focus on helping to ensure that the financial story is understandable, engaging, and useful rather than simply accurate at one point in time. In a stewardship environment, auditing could become less “feared”, as Norman put it,<sup>215</sup> and more supportive.
- 7.30 Power also believes that the audit process will need to change to make audits more useful and engaging, and less remote and disciplinary. He notes that:  
*... [e]xternal forms of audit will need to be more modestly conceived. This will require a broad shift in control philosophy: from long distance, low trust, quantitative, disciplinary, ex-post forms of verification by private experts to local, high trust, qualitative, enabling, real time forms of dialogue with peers.*<sup>216</sup>
- 7.31 In discussing performance audit models, Tillema and Bogt argue that, although auditor independence is critical when the interests of the parties are different, emphasising auditor responsiveness becomes important in a stewardship context, where the interests of the parties are shared.<sup>217</sup>
- 7.32 Being more responsive involves listening to the organisation and incorporating its requirements and expectations into the design and implementation of audits. This means that the auditor might need a closer relationship with the audited organisation as the “primary goal is to support the joint efforts of the elected body and the executive to achieve the shared goal of satisfying citizens’ needs”.<sup>218</sup>
- 7.33 Patton also states that, in “situations where organizational or task complexity, size, environmental uncertainty, etc. make direct responsibility difficult to trace”, socialising or interacting with the audited organisation might be more effective in achieving accountability than monitoring or auditing.<sup>219</sup>
- 7.34 In a stewardship environment, the tension between auditor independence and responsiveness will need to be managed with care because independence remains

214 Kaars Sijpesteijn, F (2011), *The value relevance of auditors’ communications*, Masters thesis, Erasmus Universiteit Rotterdam, page 21.

215 Norman, R (2003), *Obedient servants? Management freedoms and accountabilities in the New Zealand public sector*, Victoria University Press, page 167.

216 Power, M (1994), *The audit explosion*, Demos, page 40.

217 Tillema, S and Bogt, H (2016), “Does an agency-type of audit model fit a stewardship context? Evidence from performance auditing in Dutch municipalities”, *Financial Accountability and Management*, Vol 32 Issue 2, pages 136 and 139.

218 Tillema, S and Bogt, H (2016), “Does an agency-type of audit model fit a stewardship context? Evidence from performance auditing in Dutch municipalities”, *Financial Accountability and Management*, Vol 32 Issue 2, page 139.

219 Patton, J (1992), “Accountability and governmental financial reporting”, *Financial Accountability and Management*, Vol 8 Issue 3, page 175.

an essential part of public audit activities. However, if the public audit function does not adapt to this new environment, it could also become a less relevant part of the public accountability system.

- 7.35 Stace and Cumming argue that a stewardship’s “attention to shared goals means less emphasis is required on auditing and monitoring”.<sup>220</sup> Van Slyke observes that, when interests are common, shared, or collective, less intensive monitoring is needed as trust and reputation become more important.<sup>221</sup>

### Auditing long-term outcomes

- 7.36 Traditional audit practices, including performance audits, help organisations improve performance by independently reviewing management and governance disciplines for internal controls, processes, reporting, guidelines, and policies. A greater focus on intergenerational well-being outcomes might extend the audit across time and into areas of long-term strategic insight, evaluating issues of equity and legitimacy, and advising on risk management and strategy.
- 7.37 Perrin argues that traditional audit and accountability approaches will need to change because long-term outcomes are fundamentally different to processes, inputs, and outputs. There is not always a “cause and effect” relationship between them. Perrin observes that relying on pre-defined targets or measures will not be enough because long-term outcomes are uncertain.<sup>222</sup>
- 7.38 Totterdill and others, in discussing how to measure and manage long-term social innovation outcomes, warns that “[t]his raises profound and difficult questions about how to audit outcomes and what forms of measurement are most appropriate”.<sup>223</sup>
- 7.39 Bringselius also argues for the need to have ethical audits. She observes that “The reluctance to address issues of ethical misconduct has taken the audit practice of SAIs to a critical juncture, where the legitimacy of these audits ultimately is at stake.”<sup>224</sup>

220 Stace, H and Cumming, J (2006), “Contracting between government and the voluntary sector: Where to from here?”, *Policy Quarterly*, Vol 2 No 4, page 15.

221 Van Slyke, D M (2007), “Agents or stewards: Using theory to understand the government-non profit social service contracting relationship”, *Journal of Public Administration Research and Theory*, Vol 17 Issue 2, pages 164 and 166.

222 Perrin, B (2015), “Bringing accountability up to date with the realities of public sector management in the 21st century”, *Canadian Public Administration*, Vol 58 No 1, page 186.

223 Totterdill, P, Cressey, P, Exton, R, and Terstriep J (December 2016), *Stimulating, resourcing and sustaining social innovation (2) – Towards a new mode of public policy production and implementation*, page 20.

224 Bringselius, L (2018), “Efficiency economy and effectiveness but what about ethics: Supreme audit institutions at a critical juncture”, *Public Money and Management*, Vol 38 Issue 2, page 105.

- 7.40 Ethical audits are already being carried out in various countries. For example, in 2014, the European Organisation of Supreme Audit Institutions reviewed the increasing use of ethical audits by its audit institutions.<sup>225</sup> Zyl, Ramkumar, and Renzio noted that the Brazilian Court of Audit used “enhanced audit approaches” to help reduce social inequalities. The audits focused on three issues of equity:
- geographical distribution of resources;
  - access to goods and services; and
  - results achieved by programmes.<sup>226</sup>

225 European Organisation of Supreme Audit Institutions (2014), *Auditing ethics in the public sector – A general overview of SAIs’ practices*.

226 Zyl, A, Ramkumar, V, and Renzio, P (2009), *Responding to challenges of Supreme Audit Institutions: Can legislatures and civil society help?*, U4 Anti-Corruption Resource Centre, page 9.

# 8

## Conclusion

- 8.1 This paper attempts to bring together the many perspectives about public accountability and to provide some insights about what this could mean for the future of public accountability in New Zealand.
- 8.2 The public accountability system plays a fundamental role in maintaining the public's trust and confidence in the public sector. The public accountability system should enable public sector organisations to demonstrate three important attributes – competence, reliability, and honesty.
- 8.3 In today's dynamic and connected world, a well-performing public sector is important but is not enough. The literature suggests that tensions are emerging because a system based, at least in theory, entirely on indirect representatives does not adequately meet the public's expectations for greater public sector accountability.
- 8.4 Attempts by the State sector to meet these expectations through greater participation, openness, and transparency are a good start, but they might not fully capture what the public expects of the public sector.
- 8.5 The recently announced public sector reforms will continue to alter the relationships within the public sector, and between the public sector and the public. As these relationships and their underlying expectations change, new ways of thinking about public accountability are needed.
- 8.6 The next phase of our work will build on what we have learned here and will focus on how well the current approach to public accountability can respond to some of the challenges and opportunities facing the public sector in the 21st century.

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