

# The role of the central agencies: Collaboration or control?

Derek Gill, Adjunct Research Fellow, Te Herenga Waka Victoria University of Wellington and Deb Te Kawa, Principal and Managing Director, DTK and Associates, ask if we're rebuilding integrated coordination of the Public Service or if the talk of collaboration is just a cover for centralisation.



## AUTHORS

Derek Gill  
Deb Te Kawa

Over the past 10 months Hapai Public has hosted Aotearoa New Zealand's central agency heads in a series of webinars. They have described their roles as a type of collaboration, providing networked governance, where they influence without authority, and work alongside the policy and delivery agencies rather than directing them.

But the Public Service Amendment Bill, which is currently before the House, pulls in the opposite direction, as do a succession of other developments.

Centralisation and collaboration are not the same thing in Aotearoa New Zealand: the former pulls authority back to ministers and central agencies, while the latter pushes authority out to the front line and to the delivery coalitions, using their context and protecting their discretion. The distinction matters because network governance and top-down control have profoundly different implications for policy advice, frontline delivery, and democratic legitimacy. The question we ask is whether Aotearoa New Zealand is choosing the former whilst describing the latter.

## The approach of central agency chief executives

Five of Aotearoa New Zealand's most senior public servants have been generous enough to describe their particular approaches to central agency work. Ben King from the Department of the Prime Minister and Cabinet (DPMC) talked about being a "collaborative support crew". Iain Rennie from the Treasury represented perhaps the most sobering assessment. His use of

pātata – staying close to known markers while carefully picking a path through "prolonged turbulence" – signals a shift from Treasury's reform-driving role in the 1980s and 1990s to navigation rather than revolution. But his message went deeper. He delivered a stark warning: "The current Public Service model, in terms of how we fund, deliver, and sustain services, is financially unsustainable." Without structural change, government will be forced into "precipitate action": sudden corrections hitting the most vulnerable hardest. As he put it, "we are already beyond business as usual". Gráinne Moss described the Ministry for Regulation as government's plumber: fixing cross-cutting problems through partnership, working alongside agencies rather than doing things to them. Sir Brian Roche told public servants not to wait for reform: he invited them to just act, and to try something better. Andy Coster framed his role as "influence without authority", trying to shape \$70–80 billion in social spending through insight rather than control.

Collectively, this appears to represent a genuine evolution in thinking. Network governance, not hierarchy. Enablement, not command. It's sophisticated, and it learns from the lessons of the past.

## The paradox

Yet the underlying direction of travel appears to be different. The public management reforms of the 1980s replaced a highly centralised regime built on prescriptive rules and input controls with a decentralised regime with high management autonomy for each public agency in return for greater accountability.

Since that time, there has been a quiet revolution, with the gradual tendency to reinstate central controls and a retreat into rules. This includes the Treasury's development of the Investment Management System; Ministry of Business, Innovation and Employment (MBIE)'s procurement regime; the Public Service Commission (PSC) taking an active role in wage fixing; or the recent decision to have the Government Chief Digital Officer (GCDO) lead digital investment and procurement decision-making on behalf of most public service agencies.

In terms of legislative changes, the proposed amendments to the Public Service Act seem to be cementing the trend towards centralisation. Across the three Cabinet papers released in

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2025, and the Bill currently before the House, the proposals centralise control, tighten ministerial oversight, and narrow the space for independent judgement. Diversity and equity clauses are stripped out. Ministerial influence over chief executive appointments and performance is strengthened. Security-based powers to restrict vendors are expanded with limited contestability. The Public Service's role is sharpened towards "serving the government of the day", whilst long-term thinking and constitutional functions are pushed to the margins.

The evidence suggests that collaborative rhetoric is masking centralising reality, with profound implications for democratic legitimacy.

Long-Term Insights Briefings get centralised under DPMC. Interdepartmental structures like executive boards and functional chief executives require end dates and reviews. This reins in complexity but potentially dismantles the very coordination mechanisms that the collaborative rhetoric from the various webinars celebrates.

The removal of statutory protections extends to how chief executives are appointed and assessed. Reappointments become contestable as the norm. Ministers get formal input into performance expectations and assessments. These tie merit more closely to institutional performance and ministerial priorities, which is arguably welcome grounding. But it also extends ministerial oversight into performance reviews in ways that narrow the space for independent judgement. It will be important to ensure that performance does not become a proxy for obedience, for if that happens, the system could stop surfacing risk, speaking inconvenient truths, or challenging short-termism.

The centralisation continues through structural mechanisms. The proposals reintroduce 'key positions' requiring dual sign-off from both departmental chief executives and the Public Service Commissioner, echoing the 2013 State Sector Amendment Act, which was removed in 2020 as being too centralising. Now it's back.

What we're curious about is whether they're achieving tidiness through centralisation rather than through collaborative coordination. These are different things, with different implications

for how policy advice gets formed, how frontline services get delivered, and how democratic legitimacy gets maintained.

#### Learning from the past

These shifts didn't happen in a vacuum. They represent the latest chapter in a 140-year story that shaped by a fundamental tension in Aotearoa New Zealand's constitutional culture.

**Palmer (2007)** identifies two competing impulses at the heart of New Zealand attitudes to public power: authoritarianism and egalitarianism.

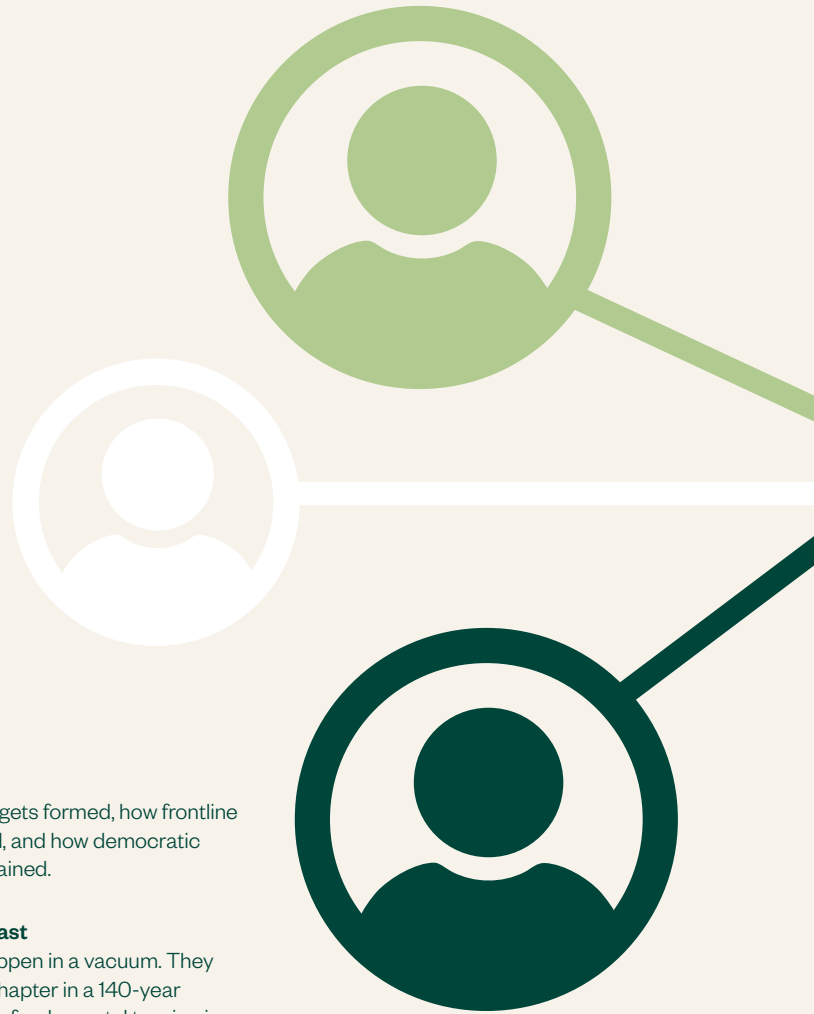
The authoritarian impulse expects and demands governments to exercise power firmly, effectively and fairly, trusting strong centralised government to fix things. The egalitarian impulse insists that government, and those who operate it, must not see themselves as 'superior' to the governed: everyone is as good as each other, concentrated power is suspect, and decisions are best made locally. These competing cultural values drive a continuous cycle between centralisation and decentralisation, between control and enablement.

Over the past 50 years, the country has cycled between these poles, with a type of pragmatism moderating the swing back and forth. By the 1970s, the authoritarian impulse had reached its extreme. At the centre were control agencies in the most literal sense. Treasury controlled the budget and wrote the cheques, procurement was centralised, and the Commission set staffing numbers and negotiated terms and conditions. The Public Service Manual attempted to prescribe how officials should behave. In fact, there were rules for how to park

government vehicles on hills! Every decision, other than the most minor, required central approval. That extreme centralisation created exactly the problems you'd expect: slow decision-making, frustrated staff, agencies unable to respond to local needs, and a culture where following process mattered more than achieving outcomes.

The 1980s reforms swung hard in the opposite direction. The radical restructuring broke up the unified Public Service, creating separate agencies connected by contracts. No more pen permissions, but not much coordination either.

By the early 2000s, the achievements were evident, but problems were also clear. While individual agency performance improved, agencies weren't working together effectively, and the central agencies had lost their capacity to coordinate the system effectively. A 2006 review of the central agencies, led by the current Public Service Commissioner Sir Brian Roche, sought a middle way. The review found that "the central agencies do not have an agreed definition of high performance" and were "not presently contributing to a high level





of State sector performance as well as they might” (Central Agencies, 2006, p. 5). The review called for a shift from “command and control” to “promote and assure”, essentially what these five leaders now describe. Neither authoritarian control nor anarchic decentralisation, but pragmatic coordination through joint ownership.

Therefore, the question for the central agency chief executives is whether they are seeking a return to integrated central agency coordination or should we treat their insights as carefully crafted rhetoric that will leave the underlying coordination challenges unresolved?

**Network governance or central control: What it means for democracy**

The question matters because the two approaches to coordination have profoundly different implications for how government actually works. Network governance operates through influence, relationships, and legitimacy.

**Bevir and Rhodes (2001)** described it as governance through networks rather than hierarchies, where coordination happens because institutions trust each other, share information, and work together voluntarily. This is what the five central agency leaders described in the webinars. It requires institutional infrastructure; for example, joint planning, shared ownership, and systematic coordination. It also requires something deeper: space for professional independence, capacity to surface inconvenient truths, permission to think long-term, and trust in frontline delivery.

Top-down central control operates through authority, oversight, and compliance. Coordination happens because the centre can direct, monitor, and sanction. This is what the proposals before the House seem to build. They tighten ministerial control, expand oversight mechanisms, centralise decision-making, and narrow the space for independent judgement. We think the public administration question is which approach creates resilience, and which creates brittleness?

**Conclusion: The democratic legitimacy question**

The evolution in thinking described by King, Rennie, Moss, Roche, and Coster represents a welcome development. But the evidence suggests that collaborative rhetoric is masking centralising reality, with profound implications for democratic legitimacy. The five leaders speak of collaboration, but the Bill and other developments centralise control. They speak of enablement, but the direction of travel is to narrow scope. They speak of working alongside agencies, but the pattern concentrates decision-making in ministers and central

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agencies whilst stripping statutory protections for diversity, long-term thinking, and Te Tiriti o Waitangi obligations.

What’s clear is that Aotearoa New Zealand cannot return to contractualism or command-and-control from the centre. The current leaders have articulated an alternative that learns from past failures. But whether they can build the institutional infrastructure to make it sustainable, and whether they can operate within a political authorising environment that seems to be becoming more hostile to collaboration, and whether they can do so whilst maintaining legitimacy, remain open questions.

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*Deb Te Kawa (Ngāti Porou) leads a niche consultancy specialising in governance, public management, and public policy. Based in Ōtautahi, Tahuna and Melbourne, her firm serves public, private, iwi, hapū, family businesses, and community organisations across Aotearoa and Australia. An accredited Board Secretary and Gateway Trainer and Reviewer, Deb is also a PhD candidate at the University of Canterbury, where her research examines democratic accountability and polycentric governance systems in Westminster contexts.*

*Derek Gill is currently a board member at Hāpai Public and several other NGOs, and a Research Associate at NZIER and the VUW School of Government. His previous career included working at the New Zealand Treasury, the OECD, as a deputy at what is now the Public Service Commission, and as a researcher at the School of Government. This article is prepared in his university capacity.*