

What about 'Unleashing' Public Servants?

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To state the obvious, New Zealand has a lot of problems it needs to fix.

Let's list a few of the biggest ones – child poverty, cost of living, productivity, infrastructure, unemployment, climate change, water, family violence, health care, education, superannuation, low wages, artificial intelligence, inequality, trade. What links these problems is that they can only be solved through collaboration, by collective effort, by identifying solutions and working together to achieve them.

Which is why we have a public sector. Not that the public sector can or should fix our problems by itself. The private sector and the community must be part of the solution. But it is the public sector that needs to do the heavy lifting. It is the public sector that can coordinate our efforts.

The Coalition Government has recognised the important role the public sector needs to play in building a better future for New Zealand, and it has called for an 'overhaul'. But it has gone about it in a curious way.

It has attacked public servants. On occasion, Ministers have damned public servants with faint praise, but more often they blatantly condemn 'bureaucrats' as a waste of taxpayers' money. The plan, as announced by the Minister of Finance on 19 May 2026, is to reduce their number by 9,000-plus (this is in addition to previous cuts) and save \$2.4 billion over four years.

At the same time, the government wants to implement a grab bag of policy proposals, including 'unleashing' artificial intelligence (AI). It is easy to see why this new technology is emphasised by the government. The hope is that widespread use of AI will lead to fewer public servants, a reduction in the number of government departments and improved performance.

That is a lot riding on a technology that government Ministers say they do not use, do not understand and have no plans to regulate.

To be fair, alongside what Ministers have been saying, the Public Service Commissioner has been talking up the 'opportunity' a reduction in the number of public servants provides to 'modernise' the public sector. Modernisation is needed, says the Commissioner, because the public sector is failing to meet the needs of New Zealanders.

I doubt there are many people who would disagree with the view that the public service could do a better job. Most public servants think the same. But I predict that the government's 'overhaul', while creating a lot of activity, will not come to much – for two reasons.

The first is that while on the one hand the government is disdainful of public servants, on the other hand it wants them to enthusiastically implement a list of complex and demanding reforms. The saying 'the beating will continue until morale improves' comes to mind.

The second is that the changes being talked about amount to nothing more than 'doing the wrong things righter'. There may be some small improvements, but when the dust settles, the reason the public sector is unable to do its job will remain.

I have spent a good deal of my time, since 2008, either managing or governing public sector organisations. In every case, the organisations operated in an environment of ever-tightening constraint. As one colleague put it, 'the government regulates everything we do – otherwise we can do what we like'.

Nowhere in the government's plans to 'overhaul' the public sector is the issue of constraint mentioned. In fact, the implication is that ever more regulation, direction, target setting, auditing, monitoring, consultants and instructing will be imposed on public servants as the government seeks 'better performance'.

I say this because the government routinely makes it clear that it does not trust public servants. It wishes it could turn over their jobs to the private sector (or AI), where market discipline would work to keep them in line.

No wonder that public servants spend so much of their time on compliance; that there is a virtual parallel public service to be found in the world of consultants; that enormous costs are incurred policing what public servants do; that public servants are so demoralised.

More than anything else, it is the environment that public servants work in that gets in the way of them doing the better job they and all New Zealanders want.

There is a lot that could be said here, drawing on the work of people who have interesting and positive things to say about how to improve the performance of the public sector. Notable global contributors include Marianna Mazzucato, Mark Moore, Barry Bozeman, David Coates and John Seddon alongside New Zealand academics Richard Shaw, Bill Ryan and Jonathan Boston among others.

But there is one simple step that, above all others, would make a real difference – give public servants freedom to operate. Or to use a word the government likes to use – ‘unleash’ public servants.

There are many examples of where this urgently needs to happen. Let me take one from personal experience.

As Minister of Tertiary Education, I established the Tertiary Education Commission (TEC) in February 2003. The aim was to balance the goals the government wanted to achieve through tertiary education with the autonomy institutions must have if they are to innovate and respond to new challenges.

Words like ‘light-handed’, ‘strategic’, ‘management by exception’ and ‘institutional autonomy’ appeared throughout policy documents. The tertiary education sector was very supportive of the changes.

Years later, in 2008, when I was appointed as Vice-Chancellor of Massey University, I was dismayed to find the TEC had morphed into a compliance agency concerned mainly with the number of students passing qualifications and the associated cost. During my time at Massey, things got worse. Any request to talk about strategy, innovation or shifts in funding to allow for change was greeted with a ‘we are not really interested’ response. As my relationship managers (who were very good people) explained during one frustrating visit, they did not know much about education, so they were best to stick to the numbers!

In a world where knowledge is fundamental to ensuring New Zealand can respond to the challenges it faces, universities are unable to the job they want to do, and the country needs them to do. Of course, demands should be placed on them by the government of the day. But universities should have the autonomy to decide how best to respond.

Which takes us back to our story about unleashing the public sector. Instead of constraint, we need the kind of innovation that can only come if public servants are enabled to act in the best interests of their stakeholders and do what they see as

best given the circumstances they are working in. Instead of controlling from the centre, we need to make public sector managers responsible. They must be able to choose what to do, free from the constraints they currently operate under.

Instead of the obsession with compliance, public sector managers should be asked to demonstrate that they understand and are improving the work they do. This is a shift from extrinsic motivation (carrot and stick) to intrinsic motivation (pride and trust).

Instead of the targets and measures that are imposed on public sector organisations by people who have little or no direct contact with them, the most important question public sector managers should be asked is: ‘What measures are you using to help you understand and improve the work?’

Targets and measures are necessary, but it is managers who should decide what they are. Instead of demanding endless reporting, people from monitoring agencies should visit the organisations they are responsible for, become familiar with them, and see for themselves what measures are in place.

Armed with this direct knowledge, people from central agencies could suggest ways to improve performance while leaving it to managers to adapt any advice to specific circumstances. (As an aside, this approach is the only way calls for ‘localisation’ will be more than rhetoric.)

I am aware that all of this will sound ludicrous to people who see layers of compliance as the only way to get better performance. I have heard them say as much because they are suspicious and distrustful of public servants. This is a view that can be traced back to the 1980s and ‘90s public sector reforms that demeaned the professionalism of public servants, introduced simplistic targets and an onerous regime of inspection, and painted public servants as self-interested contributors to the problem rather than the solution.

In contrast, I am proposing we view public servants positively not negatively. Assume that people want to serve, are motivated by pride in their work, see public service as a vocation and are capable of innovation and initiative.

This is a view of public servants I have seen widely shared when disastrous natural events occur. Suddenly, the constraints come off, and public servants work together, ignoring organisational boundaries, to get the outcomes everyone wants. The public praises their efforts. But as the emergency fades into the rear-view mirror, it is back to business as usual. Turning a decades-old ship around cannot happen overnight. Public servants have been operating in a climate of distrust and compliance for a long time. But this is the overhaul that public servants and New Zealand really need.

If changes of this kind were put in place many of the suggestions being made by the Public Service Commissioner about the importance of leadership, culture, being less risk-averse, innovation, decision-making, vision and integrity would make sense. They make no sense while public servants operate in an environment of distrust and suspicion.

Only if we unleash public servants can we expect the kind of behaviour we need to address the problems we face.

