

ARCHIFACTS

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Square Pegs and Round Holes: The 1994 McDermott Miller Review of National Archives

Julienne Molineaux (*peer reviewed*)

Introduction

To New Zealand's reformers of the 1980s and 1990s, there were no 'sacred cows'. Every aspect of the economy and government were open to challenge. As with other government agencies, National Archives faced changes as a result of the State Sector Act (1988) and the Public Finance Act (1989): its appropriations were determined by purchase agreements negotiated between the Department of Internal Affairs and the Minister of Internal Affairs; its assets were valued for the government's accounts, even though their market value was not tested; capital charging was introduced, and the Archives implemented user charges for some services. It was a time of fiscal retrenchment and, as with many other agencies, the Archives faced reduced funding from the State.

Because it received only a small portion of the government budget, and due to general ignorance about the archives policy area, National Archives initially escaped specific reform attention. This changed in March 1994, when a routine strategic assessment of National Library recommended that synergies between the Library and National Archives be explored. In that review, Treasury speculated that there might be advantages from merging the two institutions. As a consequence, the Archives faced a review into its structural options, and so began a seven-year period in which the future of the Archives was scrutinised and fought over. The issues were, for the most part, concerned with where and how the Archives should be located in the public sector, the most

appropriate organisational structure to enable the Archives to contribute to the government's strategic objectives, and the sort of funding and status the Archives should enjoy.

The disputes illustrate a clash of values between the reformers and the archivists, who fiercely resisted the changes. Archivists and their supporters promoted a particular view of the role of an official archives in the public sector. This view had its foundations in archival history and professional archival practices. The 'reformers' included non-Archives officials and private sector consultants. They had no specific vision about the function of an archive in the public sector; rather, they were motivated by wider public sector management concerns and fashions of the time. The Archives saga demonstrates tensions between the highly theoretical and ideological nature of the public sector management reforms in New Zealand from the mid-1980s, and the values of one group of professionals that were not compatible with these reforms. While the policies of the reformers evolved over time, the values of the archivists were more static. These static values contributed to consistency in their preferred model of organisational design and placement within the public sector.

The reform proposals and actual reforms National Archives faced between 1994 and 2000 included: recommendations by private sector consultants McDermott Miller in 1994 for a functional separation; the response to the McDermott Miller reforms by the Department of Internal Affairs, who rejected the consultants' recommendations and proposed their own version of the functional separation; Internal Affairs' plans for a Heritage Group; a review of the Archives as part of a wider culture and heritage sector restructuring; and the creation of Archives New Zealand in 2000. This article focuses on the McDermott Miller review. It includes extracts from the review and comments on it by officials on the review's Steering Committee.

National Archives: Independent Review by McDermott Miller Ltd: Terms of reference and background

Treasury and the Department of Internal Affairs commissioned a review of structural options for National Archives in 1994. The tender for this review was won by private sector consultants

McDermott Miller. McDermott Miller had previously reviewed the Department of Internal Affairs Link Centres and the Fire Service, which was also under the Internal Affairs umbrella. No member of the review team had a background in archives work.

The review was overseen by an Official Steering Committee. This was composed of two senior public servants from Treasury, one from the State Services Commission (SSC), and one representative from the National Library. Part way through the review, the SSC representative moved to work at Treasury. The Chief Archivist, Kathryn Patterson, was also on the steering committee, her voice a lone archivist one on a Committee of five members. Like the reviewers, the Committee was largely ignorant of archives matters.

The terms of reference for the review of the National Archives stated two review objectives, those of, 'optimising National Archives' contribution to the government's strategic objectives' and, 'ensuring the most cost effective organisational structures for National Archives in achieving the strategic objectives (including its statutory obligations).'²

The terms of reference listed the structural options to be considered by the reviewers, but pointed out that the review was not limited to these:

- *the status quo, with National Archives remaining as a stand-alone business within the Department of Internal Affairs;*
- *National Archives being established as a Crown entity;*
- *National Archives and National Library remaining as they are, but with some synergies developed between the two organisations;*
- *merger between national [sic] Archives and National Library*³

The terms of reference suggested the range of issues the review should consider:

- *government's purchase and ownership interest in National Archives and its linkage to the Government's strategic objectives;*
- *likely directions for development in the nature of outputs, structures and systems (e.g. information technology) in National Archives and synergies with the National Library;*

- *overseas models and experience;*
- *the needs and concerns of user groups and interested parties;*
- *similarities and differences between archives and libraries*⁴

The terms of reference also directed the review to report on changes to the management of the Archives, which were, 'likely to improve cost effectiveness of the delivery of its current outputs and future options.'⁵

The terms of reference stated that the recommended structure must take into account the Archives' statutory obligations and the needs of users. Apart from these, however, the interests of the wider government were stressed: the government's strategic objectives, the government's purchase interests (value for money), the government's ownership interest (protection of its assets). A key objective of the review was to recommend an organisational structure for the Archives that contributed to the government's strategic objectives – not an organisational structure that contributed to the objectives of the Archives.

Despite being instructed to look at best practice overseas the reviewers paid little attention to international models for national archives. They briefly sketched overseas experience but they did not attempt to apply these experiences to New Zealand, and did not say why the overseas models were unsuitable for New Zealand. Their only explanation was: 'the pressure for change in New Zealand stems more from a need for the application of public sector reform principles.'⁶

McDermott Miller based their analysis for the review on what they said was 'a consistent set of principles [that] has been applied to public sector reform in New Zealand over the past ten years.' These included:

- *clarification of Government's ownership interest and purchase interest;*
- *an appropriation process based on a service contract through which Government purchases outputs which will achieve its outcomes;*
- *the need to ensure a high degree of transparency between the Government's objectives and the means it adopts to achieve them;*

- *the need for contestability in policy advice and service delivery;*
- *the separation of policy advice and service delivery functions;*
- *clarity of mission statements and objectives;*
- *optimal accounting for financial and service performance;*
- *efficiency and effectiveness in all aspects of resource management;*
- *managers should have the freedom to manage in the context of devolved authority and flat management structures;*
- *government agencies should develop customer goals and orientation;*
- *flexible public sector labour markets should be established.*⁷

These principles were in accordance with the wider reforms and radical restructuring of the New Zealand public sector from about 1984 to the mid-1990s, after which some were reversed. These reforms were informed by managerialism and by new institutional economics, which includes public choice theory and agency theory. These theories were not original to New Zealand but were unique in the manner in which they were applied to National Archives here. 'Managerialism' is the application of corporate management practices and theories to the public sector. It is based on an underlying belief in the primacy of technical management over other decision-making, such as decisions based on professional considerations. At the heart of new institutional economics is a cynical and one-dimensional belief about human nature: people, including bureaucrats, are self-interested utility maximisers who cannot be trusted. As a result, elaborate incentive structures were put in place to force transparency and efficiency, to reduce perceived conflicts of interest and to focus on outputs rather than process. In New Zealand, public administration practices were overhauled.

Public choice theory and notions of 'capture' explained the rejection of the professional values of the archivists as framing principles for the review. In public choice theory, 'capture' is a pejorative term. In New Zealand it was applied to any group who

allegedly managed to control or dominate an area of resources for their own benefit. The consequence of labelling a group's views as subject to capture was that their views could be dismissed because they were not neutral and were not concerned with the overall public good. The people best placed to give advice because of their expertise were discounted because their advice was considered self-serving.⁸

Review findings

The McDermott Miller review contained an outline of the role of archives. It stated that while the National Archives had a heritage role, its primary role was 'to be the "memory of government and keeper of the public record"'.⁹ In their section on the Government's purchase interest, the reviewers said:

The services purchased from National Archives by government with respect to central government records contribute to the quasi-constitutional outcomes associated with the work of a public record office. These include:

- *Ensuring government accountability in terms of past decisions.*
- *Promoting and preserving individual rights through guaranteeing access to information regarding legal decisions and government policies affecting members of the community.*
- *Contributing to government efficiency and productivity through ensuring that information relevant to the functions of government is preserved and made available for decision making purposes.*
- *Preserving national heritage.*¹⁰

The reviewers accepted that the Archives' accountability role provided it with 'quasi-constitutional' status. As a consequence, they stated that it was appropriate for the Archives to be publicly owned. They also concluded that the storage of records should be performed by a monopoly, as records were unique documents. Competition in storage would not work, because 'it is not possible to envisage two providers storing identical documents and competing on the grounds of the best access to the public.' The 'co-location' of records from a variety of agencies made public

access easier. Storage in a central location decreased the record storage costs faced by agencies and decreased the chances that records would be, 'destroyed as a consequence of short-term pragmatic, logistical or financial considerations.'¹¹

The review process began with a series of workshops that involved senior librarians and archivists working through possible synergies between National Library and National Archives and the merger option. The outcome of these workshops was that the reviewers rejected the merger option. They stated that the two organisations were very different bodies, performing different tasks and serving different constituencies. The reviewers wrote that, '[t]he statutory regulatory role of National Archives would not be easily reconciled in terms of management culture and organisation orientation, with the user-based, customer-focussed perspectives of National Library.'¹² The report did not support the claims of greater efficiencies of the type listed in the March 1994 Treasury review of the National Library. The reviewers suggested that both organisations would benefit from working more closely together on issues they had in common, but a merger was not required to attain these benefits.¹³

Once the merger option was dismissed, the reviewers set about analysing the performance of National Archives and the Department of Internal Affairs against criteria that matched their stated principles of public sector reform. They found the Archives, and its umbrella body the Department of Internal Affairs, lacking.¹⁴ The Department and the Archives were criticised for allowing professional values to drive management practices. It was thought by the reviewers that the mix of functions performed by the Chief Archivist and National Archives resulted in a lack of clarity in the core business, and to conflicts of interest. The Chief Archivist and National Archives performed a range of functions: it was regulator, policy advisor, competitor (in the appraisal and records storage markets), and provider of archives services. The McDermott Miller review argued that these functions needed separating out and recommended a structure that did just this.

The reviewers identified conflicts of interest relating to multiple functions performed by the Archives and the absence of outside influence and checks on the Archives:

Contestability of appraisal vs monopoly of acceptance.

The appraisal of government records is a service which National Archives offers in competition with private companies. However, under the Archives Act (1957), the Chief Archivist has sole authority to determine those records which will be disposed of and those which will be retained. This constitutes a de facto right to evaluate and reject private appraisals. In this situation, client departments have identified '...a conflict of interest'.¹⁵

National policy role vs purchaser vs provider role. *As the only publicly owned national archival institution, National Archives has taken on a de facto role in such matters as standard setting, technical advice and the provision of training opportunities for the profession. The principles of public sector reform would suggest that the standard setting function should reside with the purchaser; that the nature of training and technical advisory services provided should depend on purchase decisions made independently of National Archives as provider; and that, where appropriate, the provision of such services would be determined on a contestable basis.¹⁶*

They went on to conclude that without independent policy advice, a strong purchase relationship with an outside body, and external monitoring: 'archives policy and practice remains provider-driven, and accountable to internal standards rather than objectively determined output and outcome criteria.'¹⁷

A major problem identified by the reviewers was the relationship between the Department of Internal Affairs and National Archives. The reviewers described the 'correct' relationship between the Department and the Archives as a purchaser-provider relationship. According to this ideal, the Department would protect the government's purchase interest by purchasing archival services and negotiating with National Archives about the provision of these services. The Department would set standards and would monitor the performance of the Archives. It would hold them accountable 'for delivering a specific range of measurable outputs which contribute in tangible ways

to the government's outcomes.¹⁸ The reviewers damned Internal Affairs for failing to conform to this ideal. They described the management climate as 'permissive'¹⁹:

There is no evidence to suggest that the Department of Internal Affairs has fulfilled, or has the independent capacity to fulfil, the monitoring, assessment and advisory roles in relation to archives and archives policy which are necessary to ensure that the government's purchase interest is clarified and focussed and its ownership interest is protected The Department of Internal Affairs operates only nominally as the government's agent for the purchase of archival services. Their relationship with National Archives is much more akin to that of a government department resourcing a core operating division whose outputs are reconciled within the framework of its own objectives and priorities.²⁰

The reviewers estimated that the Director and Chief Archivist, two assistant directors and the administrative manager spent approximately fifteen to twenty percent of their time on Internal Affairs corporate business. This Internal Affairs business was 'more closely aligned with larger business group concerns' than with business of direct relevance to the Archives.²¹

In keeping with public choice theory, the management of risk required policy advice that was not provider-driven, that is, advice that was tailored to meeting the government and users' interests, not the professionals'.²² The reviewers accused the professionals of provider capture:

It is apparent from our investigations that archivists are a proud profession. They construe their activities altruistically as the cornerstones of Western democracy: the enforcement of government accountability, the protection of the rights of the individual, and the preservation of heritage. Over time, the force of such arguments has persuaded governments to assign them by law a mandatory monopoly power. In New Zealand, National Archives and its professional support groups are now seeking to increase this power. Archivists also exhibit an intense commitment to their professional practices, a deep understanding of whose principles is

deemed to be a prerequisite of acceptable criticism or commentary on their work and achievements. They consider themselves much misunderstood. While this characterisation of the archivist may seem somewhat overdrawn, we encountered all of these attitudes repeatedly in the course of our investigations.²³

The reviewers said the archiving professionals worked in a 'protected environment', were 'preoccupied with provider driven issues' and were resistant to change.²⁴ In the context of the report, being a proud profession was a criticism, because it stopped the archivists from seeing how poorly managed they were, from accepting modern public sector management principles and from being more responsive to the needs of users.

The reviewers were highly critical of the management culture at National Archives, where management was viewed as supporting the work of the professionals, not the interests of the government. They complained that,

It appears, like many other aspects of National Archives' management, that planning is undertaken on an informal and collegial basis by the management team, the Chief Archivist and business unit heads, rather than through a formal corporate process.²⁵

For McDermott Miller, allegations of collegiality were a criticism. It suggested insufficient vigilance by management, thereby increasing the likelihood that self-interest by professionals would dominate decisions. The Archives was also criticised for conforming to the 'form rather than the spirit' of the Public Finance Act, although the reviewers did not define what complying with the spirit of the Act entailed, nor how it could be observed or legally enforced.²⁶ The reviewers describe the Archives' management culture thus:

Corporate planning appears to be seen as a game which has to be played by the rules, but which essentially is irrelevant to the "real business" of providing professional archival services. In consequence, like many public agencies, National Archives has adopted output objectives and performance

*measures which quantify the volume rather than the value of services produced. Targets are set at an easily accomplished level and are not used to raise the performance of the organisation. Once set, targets are little revised from year to year.*²⁷

The reviewers disputed the archivists' claims that they provided a quality service that was appreciated by their clients.²⁸ They were critical of the way the Archives constructed its own user satisfaction surveys because key areas of dissatisfaction were not included as 'key issues' requiring a 90 per cent approval rating. The reviewers interviewed a small group of the Archives' users whose names had been provided by the Chief Archivist. Because of time constraints only half those on the original list were interviewed; this included a total of seven departmental clients together with representatives from various other users, such as a single self-employed records management consultant, two historians and a representative from the Waitangi Tribunal. A survey of a wider group of users was not carried out, so the representativeness of their opinions was not tested. In the main body of the report the reviewers reproduced sixteen individual comments from their interviews to back up claims that the Archives needed to focus its attention more on user concerns and less on professional ones.²⁹ Further extracts from interviews were included in an appendix. The reviewers said that their interviews provided evidence that users were unhappy with all aspects of the Archives' services – the cost, quality and nature of the services offered.³⁰

The reviewers raised the issue of targets and performance measurement. Measuring the performance of the Archives was problematic for several reasons. The Archives had little control over the flow of appraisals and deposits. Individual contributing agencies determined these. The increased pace of public sector restructuring also contributed to the flow of records needing the attention of archivists, putting the Archives under pressure. In addition, the amount of work required for each appraisal differed; poor filing by the originating agency or the presence of sensitive material slowed the appraisal process down. The reviewers

described this work pattern as 'lumpy' and recommended more thorough forecasting of work patterns. They suggested that the National Archives prepare forecasts of expected appraisals and transfers for five year periods, based on near-comprehensive surveys of public agencies. The report acknowledged that these forecasts would not be precise and therefore risk analysis should be used as a tool to help with forecasting. This involved

*...simulation with probability distributions associated with most of the variables. In this case, these variables would involve the timing of the transfer from each client, plus perhaps the amount of the transfers, if that is not certain. By running a model many times, a probability distribution for transfers in each year could be derived, the mean of which will give the 'most likely' track.*³¹

The report noted that the National Archives management recognised the need for such forecasting but did not give it a high priority. Such forecasting would be resource intensive, but, claimed the reviewers, 'is fundamental to effective, forward capital and human resource planning.'³² Transferring agencies, however, could not be held to the forecasts.

The reviewers observed amongst New Zealand archivists 'a degree of intellectual questioning about internal process', and that 'practice appears to be current.' They concluded, however,

*...that proposals for major change are unlikely to be fostered within the archives profession itself. Where such pressure for change exists, it is more likely to be sourced to external technological developments (such as electronic information systems development) or public policy considerations.*³³

The review identified problems that reflected management fashions of the day: professionals who were not in touch with the needs and concerns of users, a lack of adherence to contemporary management standards and practices, and poor management of the government's 'risk'. The solution offered was radical structural change. The structural changes were designed to solve the problems identified by the reviewers, not address the concerns of the archives community.

Recommendations for structural reform

The reviewers recommended that the Archives become a Crown entity. Crown entities are statutory authorities established by legislation, which includes prescription of its governance arrangements. McDermott Miller said Crown entity status would enable the Archives to focus on organisation-specific objectives, instead of fitting in with the vision of a conglomerate department with which it had little in common.

Under the Archives Act (1957) and the proposed amending legislation, the Chief Archivist exercises considerable statutory powers. It would be more appropriate for these statutory powers to be associated with an independent executive function than to be absorbed within a multifunctional department.

Stand-alone status would result in more focussed, organisation specific, strategic objectives being developed rather than National Archives' strategies being required to support the vision of a government department with a range of concerns beyond the business of public records.³⁴

The report noted the Crown entity option was 'strongly advocated' by the Archives and Records Association of New Zealand and the New Zealand Society of Archivists. It also had 'qualified' support from the Chief Archivist and senior National Archives staff, but the report did not explain their reservations.³⁵

In addition the reviewers also recommended a functional separation. Functional separations, or 'policy/provider/purchaser splits' involved splitting multipurpose agencies into a series of smaller agencies along the lines of their function – say, one providing policy advice, several others each providing different services – rather than grouping everything to do with a policy area (such as archives) in the one organisation.

Functional separation was a mechanism for encouraging competition and contestability and for aiding accountable, transparent management by focusing organisations on their core missions and by providing clear goals. Functional separations were promoted in New Zealand from the mid-1980s until about

the mid-1990s as a means of reducing capture by special interest groups.³⁶ At that time there was a concern that combining operations and policy advice in the same organisation would lead to policy advice that was 'contaminated' by the provision of services; that is, the interests of operations might be taken into account by the policy advisors, making it less likely that they will give fearless, organisationally-neutral policy advice. A policy unit that was part of the same organisation as a service delivery unit would be less likely to consider the full range of policy options. Likewise, 'purchasing' units, those government agencies that 'purchase' government services, would be more likely to consider all tenders dispassionately if they were a stand-alone unit, than if they belonged to a larger organisation that also combined service provision. The separation of purchase and provision would lead to greater fiscal discipline, ensuring that the services contracted for were indeed delivered (transparency), and that providers were continually held under pressure to increase their performance. This discipline was seen as less likely if the deliverers of the service, and its auditors (the purchasers), were part of the same organisation.

McDermott Miller's model had the new Archives as a provider organisation, delivering outputs that were negotiated with a purchasing agency. The purchaser would be a separate organisation, perhaps a unit within an existing government department. The purchasing agency would purchase services for film and television archives, as well as for the official records of government. It would provide policy advice for the government, set standards for archival practice, and address professional training matters. It would also negotiate performance measures with the Archives and monitor their delivery. This arrangement would, the reviewers claimed, protect the government's purchase interest. They suggested that the Crown Company Monitoring Advisory Unit (CCMAU) of Treasury would work to ensure that the government's ownership interest in the Archives was being protected.³⁷ The review team did not analyse the risks associated with the new structure; for example, whether such fragmentation might produce diseconomies of scope: inefficiencies arising from the narrowing of the scope of National Archives; or inefficiencies

in policy formation once policy was moved from the Archives to a purchasing agency.

The reviewers also recommended that the Archives' regulatory monopoly be countered by allowing greater contestability in appraisals.³⁸ 'Contestability' is an economics term referring to the potential for competition. In a contestable market, actual competition may not exist. However, the threat of *potential* competition is sufficient to ensure efficiency. When used in a public sector context, contestability acknowledges that perfectly competitive markets for policy advice and service provision do not (and probably cannot) exist, but it seeks to establish conditions that mimic the effects of competition in order to achieve the benefits of competition. Even when there has not been an obvious private sector organisation capable of undertaking the work, the uncertainty about who else might place a bid for the contract ensures that bids are competitive. In this way, even markets with few providers mimic competitive markets.

Although the reviewers stated that the quasi-constitutional role of National Archives was justification for it remaining in public ownership, they downplayed that aspect of its functions. They measured the work of the Archives where possible and noted that most users of National Archives were not government agencies, but genealogists researching family histories. The report noted that:

*National Archives regard themselves as performing a primary role as a Public Record Office for the government market. However, Government officials contribute only about 8% of registered users, and only about 5% of productions are government loans with the balance being for public users who regard the collection as a heritage resource.*³⁹

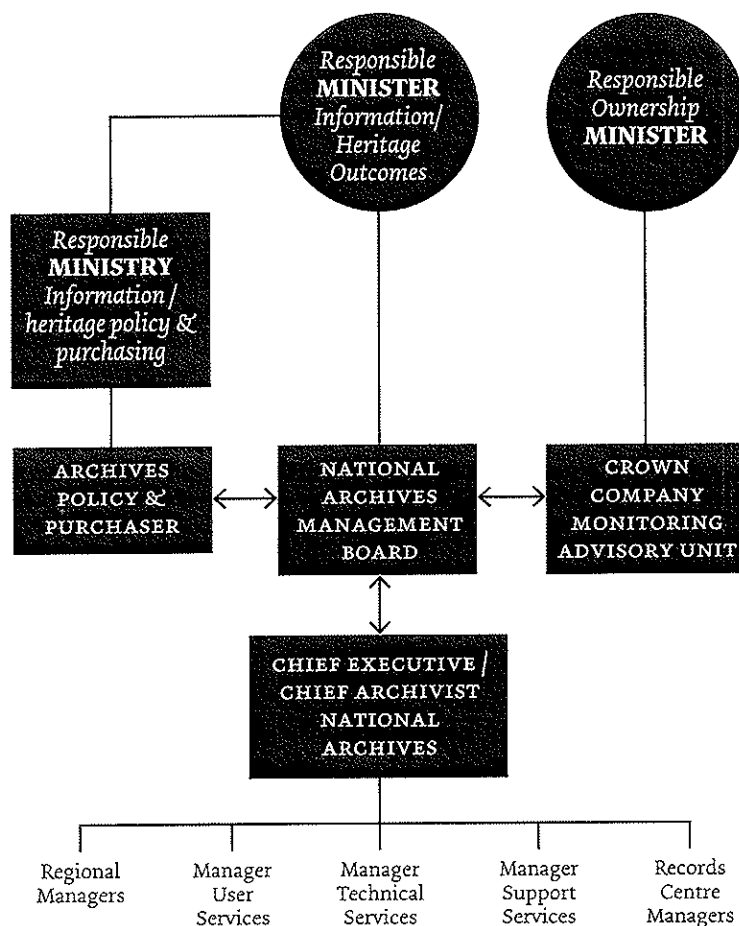
The reviewers implied that the archivists had over-played their quasi-constitutional function to protect their monopoly.

The review measured what could be quantified: metres of accessions, cumulative totals of accessions, number of user visits, classification of users (government, genealogists, historians,

and academics), time taken to process acquisitions, number of written enquiries, percentage of users expressing satisfaction with services provided, and so forth. These are easily quantifiable measurements, but they do not provide any indication of the value of the archives to various users or to society as a whole. These measures do not tell the real value of archives because they measure outputs (what is done) not outcomes (the impact of what is done). Whether an archive is accessed or not is important, but the *potential* for access provides ongoing and uncertain value. In addition, potential value from future use is not measurable; papers deposited in the Archives might not be accessed for years to come, if at all. Alternatively, a particular set of papers may be accessed many times for different research projects. The fact that records exist and are cared for means potential value. But how is this value to be measured in any meaningful way when the potential may never be realised? The report did not suggest how outcomes might be measured. Without tying outcomes to government's strategic objectives, and to the proposed structural reform, the reviewers treated the Archives like 'a mere cost centre, inhibiting the government's strategy by adding to government spending'.⁴⁰

In recommending that the Archives become a Crown entity, the reviewers stuck with the fashions of the time. Other agency forms that might be more suitable for a control and co-ordination agency with a quasi-constitutional role were not examined. Public choice theory and managerialism depoliticise the public sector because they treat management as a technical process. Market considerations were favoured over political considerations. It is not surprising, therefore, that the reviewers did not consider the department form as a structural option for the Archives. Departments are part of the legal Crown and Ministers have considerable powers to direct their departments. Crown entities, on the other hand, have a structure more in keeping with private sector corporates. Crown entities are statutory authorities at arm's length from Ministerial interference, making it more likely that their decisions are made for business reasons, not political ones

McDermott Miller Review: Recommended Crown entity management structure for the National Archives⁴¹



Criticisms of the review process and of the recommendations

Both staff from National Archives and the Steering Committee were critical of aspects of the review process and its conclusions. Their criticisms ranged from claiming that McDermott Miller were not responsive to input from the Archives, to querying the rigour of the analysis. The criticisms of the review were not universal, however, with different actors expressing concerns that demonstrated their own interests: the representative of the National Library defended the Library and its range of functions; the Chief Archivist responded in a manner that was founded in professional archival practice; and the officials from central agencies voiced concerns that reflected wider public sector management perspectives.

McDermott Miller provided members of the Steering Committee with a draft of their report in October 1994. Before that, some individual sections on the core business of the Archives and the Library-Archives merger option had been circulated to Committee members for input. Individual Committee members responded to the draft report with comments. These were aggregated and provided to the reviewers.

Staff from National Archives provided the reviewers with eight pages of corrections to the 'core business' section of the draft report, but few of these were incorporated by the reviewers into the final document.⁴² Chief Archivist Patterson commented that,

The report was not discussed with National Archives management during its compilation with the result that incorrect conclusions were drawn from material supplied. The Review Team were markedly reluctant to try and assimilate additional information which might change conclusions they had drawn once the draft final report had been prepared.⁴³

The State Services Commission considered the analysis supporting the recommended structural option to be weak. They were unmoved by the report's support for the Archives remaining a monopoly. The SSC said they were

... unconvinced that sufficient analysis has been completed to support the structural option proposed. ... We remain

unconvinced that without addressing the nature of the business and the risks inherent in monopolistic supply, any structural change will achieve significant benefits and could indeed expose the Crown to further risks.⁴⁴

The SSC said that the new structure must be driven by the needs and nature of the core business of the Archives. It said the draft report had failed to do this.

Reaction to the draft review by an unnamed Steering Committee representative revealed that the author also viewed the 'real' problem to be that of monopoly:

I doubt Archives are a natural monopoly. There may be some economies of scale but these would need to be queried. I also doubt that deregulation in the Archive area would be any more difficult to achieve than the deregulation successfully managed in other areas of the state and private sectors. Structural options [in the report] do not address the fundamental 'monopoly' problem – it is necessary to introduce competition. ... There is a leap in logic between requiring archive services and having a single 'archive' provider.⁴⁵

In its feedback the National Library supported the Crown entity form for the Archives, as a means of enabling 'more focused, organisation-specific, strategic objectives, and improved management authority and effectiveness as stated in the draft report.' The Library, itself identified by the reviewers as having both policy and service provider roles, did not, however, support the separation of purchaser and provider roles and pointed out that functional separations were problematic:

The former emphasis on the concept of a clear separation between these roles is being reconsidered in the light of practical experience and the need to consider differing models for differing situations. National Archives, as an agency set up to administer historical government records, may not require the same model as, for example, an agency which delivers health or education services to the population in general.⁴⁶

The reviewers provided costings for the new model. The Committee considered these costings unrealistic: they did not allow for an increase in expense for Internal Affairs adopting an archives policy role; the cost of Internal Affairs' overhead charges to the Archives was detailed incorrectly; the reviewers did not allocate any costs for organisational change.⁴⁷

The Steering Committee also cast doubt on other data. For example, the draft review claimed that 64 percent of New Zealand government records were kept compared to international norms of between five and ten percent. The Archives responded by pointing out that the reviewers clearly did not understand how archives operated in New Zealand; 64 percent of *appraised* records were retained but this only amounted to a small number of records overall. This was because the Archives released schedules detailing the nature of records that agencies could automatically destroy without appraisal. Not all records were appraised.⁴⁸ That the reviewers were not aware of this suggested a poor understanding of the operations of the sector.

The reviewers made some changes to the final report as a result of these criticisms. They included an analysis of what was meant by the term 'principles of public sector reform' (listed above). Some of the data was altered. An early section on the merger between the National Library and National Archives was substantially rewritten following feedback by the two organisations. But the key findings in the interim report remained in the final version.

The Chief Archivist, Kathryn Patterson, had her own complaints. These included her assessment that the reviewers had a fixed solution in mind (functional separation)⁴⁹ and only paid attention to evidence that supported that view. She commented that a number of users interviewed for the report were upset that their positive comments were not included in the report. Archives staff were not asked to respond to criticisms by users.⁵⁰ Patterson said that the reviewers failed to understand the relationship between the Archives and Internal Affairs: while the reviewers couched it in terms of lax managerial oversight, to the archivist, semi-independence from the Department was essential for its standing as a control and coordination agency within the wider public sector:

[T]his passive stance by Internal Affairs has evolved through a recognition of the need to maximise National Archives' professional ability to manage its own operations to best effect, having regard to international developments and best practices [T]his has enabled National Archives to achieve professional stature in terms of descriptive standards, appraisal consultancy and management of electronic records.⁵¹

Patterson commissioned two reviews of the McDermott Miller report, by public management scholar John Martin and economist Brian Easton. Easton observed that the report did not meet the terms of reference: the reviewers justified their proposed model against the principles of public sector management reform, not the government's strategic objectives. Critiquing the draft version of the McDermott Miller report, Easton wrote,

It would be almost universally accepted among economists that economic and social prosperity is dependent upon stability of government and the rule of law. A competent public record is integral to this, and as a result a system of national archives is necessary for beneficial economic growth ... The [McDermott Miller] report does not adequately address the central issue of the role of the National Archive in the governance of New Zealand.⁵²

Patterson provided her staff with copies of the report. In her cover letter she stated,

There are many interesting observations in the report. But I should warn you that the review team did not develop a warm working relationship with National Archives with the result that the tone is sometimes shrill and some comments appear as more hostile than evaluative. The final report contains a number of criticisms about our responsiveness which had not been mentioned or discussed previously.⁵³

The review of National Archives by consultants McDermott Miller was carried out in an atmosphere of misunderstanding, ill temper and recrimination. Archivists and their supporters claimed the review process was conducted in an arrogant and unreasonable

manner. Chief Archivist Kathryn Patterson described lead reviewer Richard Miller's style as 'inquisitorial' and said that '[i]t is likely that there will also be a formal written complaint to both the steering committee and the Minister' about his style.⁵⁴ For his part Richard Miller claimed that,

We believe we have done a good job in trying circumstances ... The review became a protracted process ... with National Archives management questioning our judgement and authority every step of the way.⁵⁵

There was a dispute over fees for the reviewers, who wanted to be paid extra due to time over-runs. The reviewers claimed these were due to 'unrealistic demands' such as the Archives management 'attempting to rewrite our drafts', an alleged widening of the terms of reference, and more time devoted to stakeholder interviews than budgeted for.⁵⁶ Internal Affairs agreed to reimburse the consultants for the extra interviews, but denied the terms of reference had changed and commented that the reviewers did not signal cost overruns to the Officials Steering Committee during the review process.⁵⁷

The reviewers delivered the final version of their report, *National Archives: Independent Review*, to Treasury and National Archives on 25 November 1994. While archivists may have looked forward to the organisational independence recommended by McDermott Miller, they were opposed to the proposed functional separation. The reaction of the Department of Internal Affairs to the McDermott Miller report, however, thwarted any hopes archivists may have had for independence. The aftermath of the McDermott Miller review is the subject of a subsequent article.

Endnotes

- 1 McDermott Miller, "National Archives: Independent Review," (Wellington, NZ: 1994), Annex 1, p. 1.
- 2 Ibid.
- 3 Ibid.
- 4 Ibid., Annex 1, p. 2.
- 5 Ibid., Conclusion: Pressure for Change', s.2.6.1, p. 16.
- 6 Ibid., 'Application of Reform Principles', p. 3.

- 7 Nesta Devine, *Education and Public Choice: A Critical Account of the Invisible Hand in Education* (Westport CT: Praeger Publishers, 2004), pp. 63-4.
- 8 McDermott Miller, "National Archives: Independent Review," 'Review Objectives and Approach', p. 1.
- 9 Ibid., 'Summary Conclusions and Recommendations', p. iv.
- 10 Ibid., 'Summary Conclusions and Recommendations', pp. iv-v.

- 11 *Ibid.*, 'Option 2: Merger with National Library', s.5.11.8, p. 87 and Table 5.4, p. 84.
- 12 *Ibid.*, 'Option 2: Merger with National Library', s.5.11.8, p. 86.
- 13 *Ibid.*, 'Key Recommendations', pp. xiii-xiv; p. 3 for a list of public sector management principles.
- 14 *Ibid.*, 'Conclusions: Neglect of Policy and Purchase Role; Dominance of Provider Perspectives', s.4.3.5, p. 44. Bold in original.
- 15 *Ibid.*, 'Neglect of Policy and Purchase Role', s.4.3.6, p. 45. Bold in original.
- 16 *Ibid.*, 'Neglect of Policy and Purchase Role', s.4.3.6, p. 45.
- 17 *Ibid.*, 'Department Management Issues', s.4.3.1, p. 43.
- 18 *Ibid.*, 'Neglect of Policy and Purchase Role', p. vii.
- 19 *Ibid.*, 'Department Management Issues', s.4.3.6, p. 45, and s.4.3.2, p. 43.
- 20 *Ibid.*, 'Other DIA/National Library Comparisons', s.5.4.2, and s.5.4.3, p. 76.
- 21 *Ibid.*, 'Risk Management', s.4.12.8, p. 69.
- 22 *Ibid.*, 'Organisational Culture', s.4.10.3 and s.4.10.4, p. 64.
- 23 *Ibid.*, 'Summary Conclusions and Recommendations: Organisation Culture', p. ix.
- 24 *Ibid.*, 'Business Planning', s.4.7.4, p. 56.
- 25 *Ibid.*, s.4.7.5, p. 57; Brian Easton, "National Archives: Independent Review – Commentary on Draft Report," (2 November 1994).
- 26 McDermott Miller, "National Archives: Independent Review," 'Business Planning', s.4.7.5, p. 57.
- 27 *Ibid.*, 'Organisational Culture', s.4.10.4, p. 64.
- 28 *Ibid.*, 'Organisational Culture', s.4.10, pp. 64–66.
- 29 *Ibid.*, 'Organisational Culture', s.4.10.5, p. 64.
- 30 *Ibid.*, 'Forecasting Growth and Planning', s.4.8.5 and s.4.8.6 for information generally and s.4.8.6 for quote, p. 59.
- 31 *Ibid.*, 'Conclusions: Forecasting Growth', s.4.8.8, p. 60.
- 32 *Ibid.*, 'Economic and Social Justification', s.2.5.13, p. 15.
- 33 McDermott Miller, "National Archives: Independent Review," s.5.10.2, p. 83, and s.5.12.1, p. 87.
- 34 *Ibid.*, s.5.12.1, p. 87.
- 35 Graham Scott & Peter Gorringer, "The Reform of the Core Public Sector in New Zealand," *Australian Journal of Public Administration* 48, no. 1 (1989): p. 87.
- 36 McDermott Miller, "National Archives: Independent Review," 'The Preferred Structural Option', pp. xi–xii and 'Key Recommendations', pp. xiii–xiv.
- 37 *Ibid.*, 'Greater Contestability', p. xii.
- 38 *Ibid.*, 'Conclusions: Nature of Core Business', s.3.11.1, p. 41.
- 39 Brian Easton, "National Archives: Independent Review – Commentary on Draft Report."
- 40 McDermott Miller, "National Archives: Independent Review," Figure 1, p. xv.
- 41 Kathryn Patterson, "Letter to Richard Miller: The Core Business of National Archives: Comments from National Archives on the Draft Report," (3 October 1994).
- 42 ———, "National Archives: Independent Review – Final Report – Comments," (4 August 1995).
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- 44 Unnamed member of the Steering Group, "Comment on the Draft McDermott Miller Report: To Gareth Chaplin, SSC," (3 November 2004).
- 45 Diane Wyber, "National Library Comment on McDermott Miller Draft Report," (3 November 1994).
- 46 David Bull, "Note to Neil Mackay and Kathryn Patterson," (31 October 1994).
- 47 Michael Hodder, "National Archives Review – Draft Final Report – Comments on Factual Errors: Destruction and Transfer of Records," (9 November 1994).
- 48 Kathryn Patterson, "Letter to Unspecified Recipient: National Archives Review – Concerns," (27 October 2004).
- 49 Patterson, "National Archives: Independent Review – Final Report – Comments."
- 50 Kathryn Patterson on behalf of Steering Committee, "Draft Paper for Cabinet's Committee on Expenditure and Revenue," (23 November 1994).
- 51 Easton, "National Archives: Independent Review – Commentary on Draft Report."
- 52 Kathryn Patterson, "Draft Letter to All Staff," (20 December 1994).
- 53 Patterson, "Letter to Unspecified Recipient: National Archives Review – Concerns."
- 54 Richard Miller, "Letter to Neil Mackay," (1 December 1994).
- 55 *Ibid.*
- 56 Kathryn Patterson, "Memo to Neil Mackay: Letter from Richard Miller Seeking Extra Fees for National Archives Review," (6 December 1994); Neil Mackay, Department of Internal Affairs, draft letter to Richard Miller, McDermott Miller Ltd., 6 December 1994.

Preservation of 19th Century records: a case study of the Auckland Provincial Government Archives 1853–1877

Belinda Battley (peer reviewed)

Introduction

Nineteenth century records face many challenges to their preservation. Significant collections have already been lost in part or whole due to fire, flood, insect and rodent damage, mould, theft or deliberate destruction. Those records which remain face continuing threats, even when contained in archives, due in part to the nature of materials from which they were made, as well as inappropriate packaging, careless handling, high usage, theft, and challenging environmental conditions. Continued preservation of these records requires a planned preservation strategy to ensure that they are still available in the long term. In order to develop a preservation strategy, it is first necessary to analyse the collection to determine specific preservation needs and set priorities. This paper is an example of such an analysis.

The Auckland Provincial Government archives, recently transferred to the Auckland office of Archives New Zealand after many years in Wellington, are a significant record of the governance of the Auckland Province during the provincial period in New Zealand's history. The records are used often, by a wide range of people with a variety of information needs, and their high use reflects the value of the records.

This paper describes the collection, its significance, its value, its use, and its relationship to the collection policy of Archives New Zealand. Next, it assesses potential risks to the preservation of items in the collection. Finally, preservation priorities are recommended in line with assessed values, potential use and