

# Driving Better Results from Public Services in New Zealand:

Issues, Innovations, Prospects

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# Some Context about New Zealand

- ▶ Population: 4.89 million
- ▶ OECD Better Life Index: 11<sup>th</sup>
- ▶ TI Corruption Perception Index:  
1<sup>st</sup>=
- ▶ International Civil Service  
Effectiveness Index: 2<sup>nd</sup>
- ▶ Proportional Electoral System
- ▶ Central Govt dominant level of  
government



# Impetus for Public Sector Reform

- ▶ Unsuccessful previous approaches to results-based management.
- ▶ Persistent areas of poor outcomes:
  - ▶ Infant mortality above OECD average;
  - ▶ Burglary and assaults at least 40% above OECD average;
  - ▶ Poor education outcomes for significant minority of school students.
- ▶ Global Financial Crisis put public finances under pressure.
- ▶ Increasing political and bureaucratic appetite for change.
- ▶ Better Public Services Advisory Group Report 2011

# Reform Objectives

- ▶ Primary focus on effectiveness rather than efficiency.
- ▶ Strengthen focus on citizen.
- ▶ Manage state agencies as a system rather than as individual agencies.
- ▶ Improve incentives to capture economies of scale and scope.
- ▶ Incentivise continuous improvement in state agencies.

# Main Elements of Public Sector Reform

- ▶ Results-based management to improve community outcomes.
- ▶ Functional leadership to set common standards, drive good practice.
- ▶ Strengthen use of data to improve service delivery and outcomes.
- ▶ Agency-focussed performance improvement initiatives.

# Results Management - Design Principles

- ▶ Results important to the government and community.
- ▶ Ministers and public servants to work in partnership.
- ▶ Limited number of results to create focus.
- ▶ Government to be able to influence results.
- ▶ Groups of ministers and agencies to drive results delivery.
- ▶ Results to be able to be easily communicated.
- ▶ Progress to be regularly reported to the Cabinet and public.

# Choice of Results

- ▶ Extensive Cabinet involvement and discussion.
- ▶ Decision to select 10 results across five portfolio areas:
  - ▶ Reducing long-term welfare dependence;
  - ▶ Boosting skills and employment;
  - ▶ Reducing crime;
  - ▶ Supporting vulnerable children;
  - ▶ Improving interaction with government.
- ▶ Each result had one or more “targets” - indicators of progress.
- ▶ Ambition levels varied across results but overall very ambitious.
- ▶ Lead Minister and lead Chief Executive assigned to each result.

# Example of Result and Target

- ▶ **Result 10:**
- ▶ NZers can complete their transactions with the Government easily in a digital environment.
- ▶ **Target for Result 10:**
- ▶ By 2017, an average of 70 per cent of New Zealanders' most common transactions with government will be completed in a digital environment - up from 24 per cent currently.



# Making it Happen

- ▶ Result Action Plans (RAPs) were delivered for each result.
- ▶ They included:
  - ▶ Leadership and governance;
  - ▶ Strategy to improve performance;
  - ▶ Key actions and responsible agencies to improve performance;
  - ▶ Resourcing;
  - ▶ Performance indicators.
- ▶ Ministers and officials regularly reviewed progress and need for further action.
- ▶ Progress assessed at national level and also regional level where necessary.

# Innovation Examples

- ▶ Empowering staff in regional areas to develop new partnerships with community and business.
- ▶ Connecting administrative data sets to understand and reach target groups.
- ▶ Piloting different place-based delivery models to support vulnerable children - “Children’s Teams”.
- ▶ Agencies putting aside a portion of their budgets to create start-up funding for new solutions to collective problems.
- ▶ Redesigning interface with government around critical life events (e.g. birth of a child).

# Accountability for Performance

- ▶ Six-monthly public reporting important accountability requirement.
- ▶ Results that mattered to New Zealand provided strong motivation for officials.
- ▶ Chief executive performance assessment evolved from individual to collective responsibility for outcomes.

# Problems that Emerged

- ▶ Strong incentives for ministers and officials not to act in collective interest.
- ▶ Some results and targets poorly specified.
- ▶ Leaders struggled to lead through influence rather than “command”.
- ▶ Reconciling agency and collective reform agendas.
- ▶ Variable effectiveness of agency clusters.

# Refreshing Results and Targets

- ▶ Refreshing targets important to reduce risks of results-based management.
- ▶ Partial refresh of some targets agreed in November 2014.
- ▶ Full refresh of results and targets published in March 2017.
- ▶ Continued with a small set of Results (10).
- ▶ Results near achievement moved out - remained as performance measures for relevant agencies.
- ▶ New results added to address new challenges (e.g. access to housing).
- ▶ Some targets were no longer driving the best actions and needed to be reset.
- ▶ More time needed to achieve results with longer-term targets.

# What Progress was Made?

- ▶ Progress was made across all results - three results achieved by 2014.
- ▶ Examples of progress made:
  - ▶ Numbers of infants not receiving vaccinations fell by two-thirds;
  - ▶ Numbers of children not enrolled in early childhood education fell by 50%;
  - ▶ Business effort in dealing with public sector remained higher than private sector but gap almost halved.
- ▶ Not all results were achieved - criminal reoffending rate fell 4.4%, not 25% target.

# Key learnings from Results Approach

- ▶ Results focus was about culture change.
- ▶ Technical aspects of design and implementation were critical.
- ▶ Created urgency and accelerated learning.
- ▶ Requires strong partnership between Ministers and officials.
- ▶ Ability to innovate was key to success.
- ▶ Success supported by wider public sector reform agenda.
- ▶ Transparent reporting important for accountability.
- ▶ Refresh regularly to maintain momentum and to correct errors.

# Functional Leadership

- ▶ System-wide leadership assigned for ICT, procurement and property.
- ▶ Leadership assigned to agencies with existing expertise in each function.
- ▶ Professional leadership models also established (e.g. legal, finance, policy).
- ▶ Common objectives for functional leaders:
  - ▶ Setting common standards across government agencies;
  - ▶ Making efficiency gains through economies of scale;
  - ▶ Strengthening function capability across state agencies;
  - ▶ Raising performance through innovation and sharing best practice.



# ICT Functional Leadership

- ▶ Leadership assigned to Government Chief Digital Officer (GCDO).
- ▶ Responsibilities included:
  - ▶ Setting policy, direction and standards for government ICT;
  - ▶ Improving system-wide ICT investment management;
  - ▶ Establishing and managing ICT investment management system-wide;
  - ▶ Shaping and developing ICT capability;
  - ▶ Providing ICT assurance across government.
- ▶ Examples of initiatives have included:
  - ▶ Moving ICT to “as a service” and “government as a single customer”.
  - ▶ Accelerating the adoption of public cloud services.
  - ▶ Developing digital skills in government.

# ICT Functional Leadership - Results

- ▶ Example of results achieved to date include:
  - ▶ 170 agencies using at least one shared capability;
  - ▶ 148 agencies using software agreement with Microsoft and Oracle;
  - ▶ Programme where graduates develop digital skills across agencies;
  - ▶ 2017 NZ\$107 million annual savings achieved (NZ\$100 million target).

# Using Data to Improve Outcomes

- ▶ Historically, data held by individual agencies to support their services.
- ▶ Datasets were not consistently made available to the public.
- ▶ During reform datasets made available routinely to public and researchers.
- ▶ Series of data innovations connecting datasets to support better outcomes:
  - ▶ Statistics NZ created the Integrated Data Infrastructure (IDI), research database containing microdata from agencies and NGOs containing more than 1.66bn facts.
  - ▶ Undertaking regular actuarial valuations of working age benefits.
  - ▶ Social investment - applying evidence-based investment practices to social services.
  - ▶ Social Investment Agency - centre of expertise to support agencies in using data and improving commissioning of social services

# Performance Improvement

- ▶ Concern about lack of widespread continuous improvement.
- ▶ Performance Improvement Framework reviews introduced in 2008:
  - ▶ Built on UK Capability Reviews of 2000s;
  - ▶ External, future-focussed assessment of agency preparedness for future;
  - ▶ Provide frank and constructive support to agency leadership response;
  - ▶ Reviews published and good practice disseminated across agencies.
- ▶ Continuous Improvement (CI) centre of expertise established:
  - ▶ Group of CI “coaches” work with agencies to redesign service delivery;
  - ▶ Focus is improving citizen experience (e.g. airport departures, security vetting).

# Trust in Public Services

- ▶ New Zealanders' satisfaction with public services surveyed since 2007.
- ▶ Trust has risen and dissatisfaction has fallen significantly.
- ▶ Trust in public sector brand higher than in private sector.

Year	2007	2017
Trust based on personal experience	67%	79%
Trust in public sector brand	29%	47%

# Key learnings

- ▶ Reform needs to be sustained over time (5+ years);
- ▶ Consistent political support important to success;
- ▶ Agency leadership needs to support reform and be accountable for delivery;
- ▶ “Hard” (e.g. performance assessment) and “Soft” (e.g. culture) levers of change need to support reform direction;
- ▶ Reform more successful if it aligns with aspects of existing culture (e.g. making difference to community);
- ▶ Implementation needs to take account of change management capacity and capability.
- ▶ Programme needs continuous evaluation and frequent adaptation in light of experience.

# Reform Prospects

- ▶ Solid fiscal outlook reduces incentives for further reform short-term.
- ▶ Most reform appears to have endured across 2017 change of government.
- ▶ Change of government changed focus and form of outcome management.
- ▶ Government consulting on legislative change to broaden toolkit around inter-agency “joint ventures”.
- ▶ Unresolved debate around extent of devolution of public sector decision making and service delivery at regional level.
- ▶ Reform of budget system to support results-based management (“wellbeing” budget) underway.