

# Trust, Transparency and the Facts – Driving Forces behind Modern Government

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Good evening everyone. It's a pleasure to be here in Auckland with you.

I'd like to thank the Institute of Public Administration for organising this event.

I also want to acknowledge the good people of IPANZ for their work in promoting improvement in public policy and in administration and management across New Zealand's public sector.

And that word improvement is important.

Improvement implies change. And change or, more specifically, modernisation of how government works, is central to what I'm going to talk about today – the ways in which trust, transparency and the facts are driving a modernised government.

## Why change?

Let's start with why change is important.

First, it's the 'size of the prize'. The Crown manages over \$263 billion in assets and almost \$184 billion in liabilities.

In a given year, we spend around \$73 billion and bring in revenue of a similar amount.

The government's share of New Zealand's GDP is 25 percent. So that's a pretty big portion but you're probably thinking well, nothing new there – government has always held the bigger slice of the economic pie.

But for government, money is a means to an end. The 'end' being to raise living standards for New Zealanders. So let's look at the business of government.

As well as managing significant and valuable assets, government, as you know also has a role as a regulator and responsibility for delivery of a range of services.

Services that take care of people in need, ensure our children are educated, that we have a skilled labour force, and that critical roading and other infrastructure (like electricity and telecommunication) are maintained. As a regulator, it's a function of government to ensure rules and laws are in place which among other things, protect the rights of citizens.

This trifecta of roles; managing Government finances *on behalf* of New Zealanders, delivery of services *to* New Zealanders and managing the regulatory system *for* New Zealanders has a critical interdependence. That's why our stewardship role in all three is so vital.

The stewardship role we play requires a high degree of trust. Maintaining that trust is dependent on being transparent. In relation to being transparent about the state of the nation's finances I'm proud to say that in the most recent global survey on Open Budgeting, New Zealand ranked first out of the 102 countries surveyed.

Owning the right assets – schools, hospitals, roads, IT - , managing them well, funding their maintenance sustainably, and managing risks to the Crown's balance sheet are all critical to the ongoing provision of high-quality, cost-effective public services.

A modern and trusted state sector, one that can operate effectively in these changing times is crucial to improving outcomes for the people we serve. As a sector we must deliver value. And the policy advice we make to the Government underpins this.

In the cut and thrust of a business or local government environment, this might seem somewhat theoretical and removed from the coal face realities you're likely to be dealing with.

And I think it's probably fair to say that in the past, the policy making world has had some degree of separation, in tangible and intangible ways.

Happily, there's been a significant shift in this.

The State Sector has always known that the advice we give to the Government cannot be made in a vacuum. There will always be trade-offs to be made and the need to balance local needs with national impacts.

Local government rules, regulations and services have a direct impact on communities and businesses.

So our performance, as a steward of government finances, a regulator, a contractor and deliverer of services, an investor in human capital and a provider of physical infrastructure is critical.

What we do, and how we go about it can either help or hinder New Zealand's progress. So like the world around us, we, as a sector, and how we get the job done, are changing at pace.

This means asking ourselves some challenging questions.

What might the state sector look like if we took a different approach and developed our services and policies *with* rather than simply *for* citizens?

Or what might our policy and budget making look like if we had better, even real time, data to inform the decisions Ministers need to make?

The digital revolution means we know more about the world around us than we did before. We can track connections between people, we have real-time information about water, temperature, transport, animal behaviour, even power use.

We're using data to innovate how government works, to understand and manage risk, and to make better-informed decisions. Government agencies like Department of Internal Affairs are seizing the opportunity digital delivery offers by getting services out to those who need them, in a way that makes it easy for them to use.

So what do customers of government regard as 'easy'? For a start, they wouldn't need to know about the numerous agencies delivering the many individual services they need, and they would be able to access all the services they need at one time. Imagine that: numerous agencies *knowing they're dealing with the same customer*, and fitting their services together in a neat package around the needs of the customer.

Central to this is the concept of digital identity. We need to enable customers to identify themselves in a very reliable way in a digital environment. We'll retain their *trust* if we give them control over how government services can share their information. And RealMe is the all-of-government tool to do that. It's an online identity verification service, provided by the Department of Internal Affairs in partnership with New Zealand Post and is part of DIA's work on Better Public Services Result 10. Result 10 is all about building digital services around citizens' needs, rather than those of the individual agencies behind the services.

Right now we have a huge opportunity to get services out to those who need them, at the same time as we meet our objectives in both entitlement and compliance; reduce the cost of service delivery infrastructure as well as the per-transaction cost; and an improved public perception of our services.

Understanding what we need to do to uphold that trust is essential and is why the NZ Data Futures Partnership has been established. Headed up by Auckland's own Dame Diane Robertson, the partnership is representative of a range of sectors. This is an important fact,

as they will provide frank advice and recommendations on what we all need to do to maintain public trust in the way data is used.

I want to share with you some tangible examples of how as a sector we've explored those challenging questions and what we've done, changed and achieved as a result. The examples demonstrate what we can achieve when we build **trust**, are **transparent** about what we're doing and base everything, every decision we make, on the **facts**.

## Development of the New Zealand Infrastructure Plan

My first example is, coincidentally an entry for this year's IPANZ Award (Just thought I'd mention that briefly in case any of the judges are in the audience!).

Infrastructure is a bit like air. Something we don't think about until it's not there. But infrastructure is key to New Zealand's economic performance and fundamental to our quality of life. It supports our day to day lives – it's the roads we drive on, the electricity we use, the water we drink and eventually, the City Rail Link we ride.

The ability to manage an infrastructure asset base worth billions *and* give visibility over the stock, state and progress of New Zealand's infrastructure is vital. There also needs to be a strong comfort level that these assets are being managed with a long term view. To achieve that, we needed a more sophisticated way of being able to analyse demand, population, efficiency and growth for infrastructure trends.

A key difficulty with this is that the government is only one player in the infrastructure world and local government and the private sector are equally important in providing the infrastructure that underpins our economy and society.

The solution to this need lay in the collaborative development of a New Zealand Infrastructure Plan - a plan that would take a long term view and help meet infrastructure challenges and opportunities for the next 30 years.

A plan which cuts across public sector, local government and private sector ownership. Developing such a plan needed true partnerships – partnerships based on high trust and absolute transparency.

The plan that was released in August last year was developed closely with a series of strategic partners across the different infrastructure sectors and the net result is a plan that will enable New Zealand to get more out of existing assets and make better decisions about the allocation of new investment.

In Auckland where we are expecting another 716,000 people over the next 30 years, the Council alone has planned around \$65 billion of capital investment. Just simply providing the bulk infrastructure estimated that is needed for the next 30 years of greenfield growth is projected to cost over \$14 billion. The City Rail Link at \$2.5 billion is the largest single infrastructure project in New Zealand since Motonui in the early 1980s and the mooted second Waitemata Harbour Crossing is likely to be the largest infrastructure project ever in this country.

This level of spending is truly nation shaping and will influence our economy and society for generations. Just for a moment think about what else you could spend this money on and what difference you could make – what we call opportunity cost.

Trust and transparency are fundamental to ensuring that this is money well spent. The Infrastructure Plan provides the framework and opportunity for Council and Government to work together on driving a step change in how we deliver the education, the health and the transport services we need and that what we do spend, is best value for money.

Now the friendly rivalry between Auckland and Wellington is well known but the partnership we have with Council has never been better. We see this through the Auckland Transport Alignment Project where the Treasury sits around the table with the Auckland Council and Auckland Transport as well as the Ministry of Transport, New Zealand Transport Agency and the State Services Commission.

Through the plan, the way it was developed, the new approach it sets out and the large programme of work it captures, we are in a good place. There is high trust and productive relationships to ensure we best utilise our existing investments and get the best value from the next investments.

## Taking a leaf from the private sector book

Those of you in the private sector will know that few businesses today would put a product or service onto the market without first knowing (a) that there was a gap in the market and (b) how, where, when and why customers would buy or use the product or service.

A smart business would analyse all the available data and information – then develop a strategy around that. A critical question for the state sector today is; have we done enough to understand how our customers want to interact with us? Do we know what services they need from us and what actually makes a difference to them?

Information must be at the heart of all our planning and decision making, from frontline staff to policy analysts. The technology already exists, we just have to learn to apply it. Policy making and planning – needs to be based on information – **not** just assumptions.

Combined, information and technology present immense opportunities to deliver regulations that work, better informed policy advice, and more effective services to New Zealanders. We have a once in a generation opportunity to fundamentally change how the state sector delivers value to the public.

We are facing increasing demands from our customers for connected and responsive services. They are asking '*If my bank can tailor services, why can't the state sector?*'

My point is, the opportunity exists to increasingly use information to develop robust policy and regulations as well as create responsive services that can adjust to and even *anticipate* customers' needs.

## Social Investment Insights

Let me show you what can be done with data in relation to this – it's a very recent example, having just been launched just last month.

Social Investment Insights is an online mapping tool providing data analysis and information about children and youth aged 24 and under who are at risk of poor future outcomes. As well as showing, right down to a suburb level, the number and ages of children at risk of poor outcomes, the tool can predict the cost to government (over time) for various interventions over a young person's lifetime.

This tool is an expression of a social investment approach. It's not just a question of saving money it's about using data held within various agencies and technology to better understand people who need help and deciding on the best way of doing that.

To create this tool we had to ask some challenging questions about privacy of data. We had to overcome the historically siloed way central government tended to operate and turn our focus to what really matters – the kids that need our help.

We focused on understanding their lives from the perspective of the myriad of agencies they are likely to come into contact with through their lifetime. By doing this we've been able to see what is and isn't working and what the cost to the system is as a result.

Releasing this tool means government agencies *and* community organisations have rich information right at their finger-tips. As Dr Juliette Saussy said, 'We cannot fix what we do not measure honestly.' This is a powerful statement which cuts to the heart of what I'm talking about today.

## Delivering Transparency

The ability to accurately measure how well or not a government project is doing is a fundamental part of transparency. Within the Treasury we have a dedicated Government Investment Portfolio team which is focused on increasing accountability through greater transparency. The production of an Investment Statement which details the Crown's balance sheet shows line by line what assets the government holds. So that's the number of schools, recreational facilities, reserves – everything – publicly available for anyone to look at.

Last year we released the first annual report providing a snapshot of the Government's overall investment programme. It covers 409 projects such as ICT, new schools, Defence projects and construction - with a total annual cost of \$6 billion.

We also released the first tri-annual Major Projects Performance Report, providing a comprehensive update on the 38 most complex of those 409 investment projects, and tracking whether they are delivering on expectations.

One part of delivering better public services is ensuring money is not unnecessarily spent on administration, when redirecting it to frontline services would yield better results. The admin and support services report that Treasury publishes provides performance information across agencies and gives transparency over a significant area of expenditure. The benchmarking reports are an important step towards transparency and scrutiny of government services.

Of equal importance is the ability to scrutinize the policy advice given to the government which could result on changes to the laws or regulations we live by. All agencies are required to publish a Regulatory Impact Statement - which effectively outlines the problem and the proposed solution. But is also includes information on who might be affected by this change and what other possible solutions have been explored. I see this is a critical tool in supporting the public's democratic right to scrutinize decisions being made by the government.

We also proactively publish online our responses to OIA requests. Being open and transparent is a bit like being the mirror in Snow White. We have to tell it like it is – good, bad, indifferent or uncomfortable.

I see that as us doing our job effectively.

## *Do it with us not to us – engagement*

The State Sector doesn't always know best. Talking with and more importantly *listening* to a range of people is important- and fundamental to building trust. And so the state sector is going about its business differently these days. This is probably best expressed through the work we're doing to make life better for business.

Government services are often complex, fragmented and sometimes hard to navigate. Businesses find it takes more effort to deal with government than it should. The Better for Business partnership is changing this as part of the Government's Better Public Services programme.

Ultimately, it's about business spending less time on administration and having more time to focus on their customers.

Led by MBIE, this programme of work is adopting a 'Do it *with* us – not *to* us' approach by developing solutions with the private sector. A Game-changing example of this in action is the government business accelerator programme which ran in 2015.

The R9 Accelerator is one of the first of its kind in the world. It brings together teams of entrepreneurs, developers, private sector specialists and government experts to work on projects to help solve major pain points for New Zealand businesses and reduce their effort in dealing with government.

The accelerator process takes just 14 weeks to generate a customer-validated prototype – ready for further investment. It takes a learn-as-you-go, fail fast approach to develop and test new products and services. As an example, one of the teams from the 2015 Accelerator came up with an idea for a more efficient building consent process.

Of the 60,000 consent applications lodged each year, 25,000 experience delays, creating costs for everyone involved. For agents, this creates more time spent on administration, and for building owners and builders it causes hold ups and uncertainty. All of this adds up to a world of frustration and lost productivity.

They called their proposed solution 'Vizbot'. A proof of concept web based tracking tool that could work with existing council systems and processes to give agents, such as builders and architects, and building owners more visibility over the status of their building consent application.

Because it's essentially a real time system, any queries or requests for more information are immediately visible – by all parties involved in the process. For councils this has the potential to create much greater efficiencies and improve customer service.

This is just one example of how by working alongside the private sector, and listening, government can create solutions that work better for business.



## Conclusion

I hope what I've talked about today has informed and inspired you. I've spoken about how the state sector is using trust, transparency and facts to drive its modernisation. I'd like to close off by leaving you with what is part challenge and part invitation.

Work with us. Talk with us – we really do want to hear a range of views, experiences and, importantly, ideas. A modernised government can and should be re imagined collectively and collaboratively. Ultimately, it is stronger connections with business, iwi, NGOs, community groups and local government that will propel government towards a modernised state sector.