

Bill English

18 February, 2016

Speech to the Institute of Public Administration New Zealand

INTRODUCTION

Good afternoon.

It is a pleasure to speak with you again, for what I make as my eighth time as Finance Minister.

One of the best parts of my job is the number of public servants and services providers I get to meet.

Overwhelmingly I find we're all driven by the same thing - getting better results for New Zealanders, and doing our best for the most vulnerable.

Whether it's social housing, health, education, welfare or justice, the goal is the same.

It is not enough to simply service misery with welfare payments or social houses or urgent health services. We want to help people make the changes they need to become independent.

This ensures people lead better lives, but also saves taxpayer money in the long run.

This Government is focussed not on spending for the sake of it, but on getting tangible results for people from that investment.

So today I want to give you an update on the Government's programme of Social Investment - and the steps we're taking to provide better support to those in need.

MODERNISING GOVERNMENT

But before that, I'd also like to talk about a programme of work that is modernising the way people interact with Government.

The way people access services is changing rapidly.

We have become used to information, services and products that are available on demand and accessible anywhere at any time.

New Zealanders should expect this from the public sector, just as they would from the private sector.

We are already making progress in this regard.

Around 100,000 travellers a week now use SmartGate - allowing Customs to focus on high-risk travellers while letting others clear the border easily.

You can now apply for your passport online - and can even take your passport photo with a smartphone while you are filling out your application.

46 per cent of government service transactions are now completed digitally, up from 30 per cent in 2012.

Having a rolling programme of major transformation projects is the new normal, and it will stay this way for years to come.

Each of these projects are focussed on our customers.

We're asking - what do our customers want? What do they think of our services? How can they help us improve it?

The current pipeline of work includes IRD's billion dollar Business Transformation (BT) programme.

Our tax settings are among the best in the world but IRD's internal systems are getting old and can be difficult to use.

So a big part of BT is replacing many of IRD's systems, which will allow businesses' accounting software to automatically talk to them.

In addition, every taxpayer will be able to access their tax and Working for Families information through a simple online portal - similar to online banking.

We also have major simplification programmes at ACC and MSD which, as well as modernising back office processes, will allow people to go online and get information about what they are entitled to and what they are receiving.

These are big, expensive projects, and they're not without risk - which isn't a bad thing - because as they say, with no risk there is no reward.

And the reward is happy customers.

But it's important that we have good information about the risks these projects entail, and how they are being managed.

Families work hard to pay their taxes.

If those families kept the money we are spending on these projects they could do a lot with it - it would make a real difference. We need to respect that and spend it carefully.

So we are setting up systems which generate data to inform decisions on where to invest, monitor the projects we invest in and measure the impact.

It seems an obvious requirement to good decision making but, believe it or not, we haven't always had this sort of information in the past.

There is now a dedicated Government Investment Portfolio team in Treasury that provides investment management support across the public sector. Part of their work is about increasing accountability through greater transparency.

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.

The pressure of publication has helped drive real improvement in the way the projects are managed and makes them more likely to succeed.

The public respect the confidence and competence this transparency demonstrates.

SOCIAL INVESTMENT

The Government is also committed to using transparency to drive better results from social services.

You'll all be aware of the 10 Better Public Services results areas, which set out our targets to reduce the likes of welfare dependency and recidivism and to lift educational achievement.

Every six months we publish how each of the targets is tracking. The last update shows that since 2012:

- the proportion of immunised 8-month olds has increased from 84 per cent to 93 per cent,
- the proportion of 18-year olds who achieve NCEA Level 2 has increased from 74 per cent to 81 per cent,
- crime has dropped by almost 20 percent, and
- reoffending has dropped by almost 10 per cent.

While these appear on the surface as mere statistics, they represent real improvements for real people, their families and their communities.

We have taken the easy gains that come from setting a target and focussing on it within existing systems. Further improvement requires us to change our systems.

Social Investment is one of the key tools the Government has to drive those changes.

At its heart, Social Investment is about understanding what makes the most difference to people's lives, and using evidence to make do more of what works.

The goal is to support people in difficult circumstances to improve their lives and become more independent.

So we are putting the needs of our most vulnerable customers at the centre of decisions on planning, programmes and resourcing - by applying rigorous and evidence-based investment practices to social services.

This requires us to know three basic things.

1. We need to know what we are trying to achieve by setting clear, measurable goals - like the Better Public Services targets.
2. We need to know the individual needs of the people we are trying to help.
3. We need to know which services will help them best.

We then need to act on this knowledge by moving funding to the most effective service - or creating new services where they don't exist - irrespective of whether they are provided by government or non-government agencies.

Again, it sounds simple and obvious - but governments have not worked systematically to focus on those individuals and their families who are most in need of support.

Too often, success has been defined by how much is spent on something - usually another programme to fill the gaps left by all the previous unsuccessful programmes.

Public agencies, which are full of good and capable people, often have little idea of whether their work makes a difference beyond meeting the immediate need.

Making a lasting difference and changing lives is the whole point though.

Good intentions are absolutely necessary, but not sufficient.

So we're using Social Investment tools to decide when to intervene, invest early and help the most at-risk people lead better lives - and save taxpayers money in the long run.

MSD has been using this approach to help people move from welfare and into work.

Latest figures show the welfare system's future lifetime cost has reduced by \$12 billion over the last four years as a result of Government actions.

This equates to welfare customers spending 900,000 fewer years on benefits over their working lifetimes, compared to pre-reform expectations.

An important part of Social Investment is better understanding the lives of the most vulnerable and taking action to reduce the numbers showing up at our hospitals or prisons, or failing in our schools, or stuck on welfare.

And one of the barriers to this has been a siloed approach to service delivery.

We've been working for some time now to set up data systems that allow us to systematically overcome this. It is hard to overstate the unique opportunity New Zealand now has to make better use of this data.

Statistics New Zealand has developed the world leading Integrated Data Infrastructure which brings together data from the Ministries of Social Development, Health and Education, as well as Child Youth and Family, Corrections, Police and Housing.

The IDI is already giving us useful insights.

Last year we published information revealing the key early warning signs for the 0-5 and 15-24 year olds around New Zealand who are most likely fail at school, access mental health services, stay on a long term benefit or go to prison.

Today I'm pleased to release further information on the risk factors faced by 0-14 year olds.

The analysis shows the four key indicators that are likely to lead to poor outcomes later in life.

These indicators are:

- having a Child, Youth and Family finding of abuse or neglect,
- being supported by benefits for most of their lifetime,
- having a parent who has received a corrections sentence, and
- having a mother who has no formal qualifications.

Around 1 per cent of children have all four indicators. They are four times more likely to leave school with no qualifications, nine times more likely to serve a prison sentence, and six times more likely to receive benefits for more than five years before they turn 35.

We are also releasing an interactive web tool - called Social Investment Insights - which maps at-risk children and young people up to age 24.

Choosing an age group and risk group of interest, you can drill into any area of the country right down to suburb level - and over time the tool will support a broader range of data from the IDI.

We're making this publicly available in part because service providers also need to understand the people they are trying to help.

We want to open up more data sets to public scrutiny - with appropriate privacy controls - allowing NGOs and the private sector to do their own analysis and draw their own conclusions.

That's why we welcomed yesterday's Salvation Army report looking at the Better Public Service results - we want to see more of this, not less.

It is difficult for our large, established agencies to construct integrated services that act beyond their traditional remit.

Others free of these institutional constraints can help.

Our focus is now moving to setting up a measurement and feedback system to understand which services work best - and what we can improve on.

For many of you, this is how you will see Social Investment impact on your day-to-day job.

Those working on budget initiatives for social services will be aware of the new requirements for detailed evidence-based modelling that sets out what the programme is expected to achieve for New Zealanders, how it will reach the people it is targeting and how it will benefit them.

Being able to see whether a programme is delivering results requires investment in measurement systems.

We're going through a process of identifying which elements of Social Investment need to be centralised and which operational matters will stay within agencies.

This won't happen on its own - so we have established the Social Investment Unit.

This Unit is charged with setting data and evaluation standards, and developing methods for estimating return on investment for selected spending. It is also tasked with building an information exchange that will enable the safe sharing of data to support better decision-making.

An early test of this model will be Child, Youth and Family, which recently underwent an extensive review that recommended greater data, evaluation and feedback in decision making.

As with any change, there are a number of challenges to Social Investment that need to be managed.

Being proactive means reaching out to households identified as at-risk before more serious problems emerge.

Sometimes we'll get this wrong - so how this contact is managed is very important.

Inevitably, Social Investment will also raise questions around what license the Government has to use sensitive information.

This year the Government will have a conversation with the New Zealand public about the acceptable use of your sensitive information.

The Data Futures Partnership, chaired by Dame Diane Robertson, will lead that discussion.

I believe most New Zealanders expect the Government to take all reasonable steps to support our most vulnerable people and families.

And so our offer to the New Zealand public is this.

We will commit to delivering services that are better-targeted and which make a real difference, and we will stop spending on services that don't work - if you will let us make better use of your data.

A bottom line as part of this offer is a commitment to being responsible and respectful stewards of New Zealanders' data.

CONCLUSION

The Prime Minister recently said the Government is as busy now as we were in 2008.

Actually, I believe we are busier. There is more change taking place to public services now than at any time in the last 20 years.

We have been working hard, and sometimes noisily, to win acceptance of the concept of Social Investment.

2016 and 2017 are about embedding this in the public service.

And we will be propelled along by public demand - ongoing improvements will mean our customers will want more change, not less.

Suppliers of services to the government are lapping up the insights provided by recent analysis - and I can tell you that the presentations I and other Ministers do on Social Investment are universally the most popular ideas I have presented in 25 years of politics.

The Government's top priority remains the economy, but the Social Investment framework is here to stay.

But all this will require new ways of working.

Publicising data and increasing transparency means more people can come to an informed view on how government should operate.

Departments' advice will become increasingly contestable - and we welcome that because, at the end of the day, we're just interested in doing more of what works.

And if we can do that then there are huge payoffs.

It will help the Government's books as people become more independent and less reliant on services we pay for.

But most importantly it will mean we're better able to help the most vulnerable to change their life for the better. And that is why we are all here.

Thank you.