

# Hon Paula Bennett

## Minister of State Services



26 March 2015

Speech

## Address to IPANZ Members

Good morning. It's great to be here to talk to you all.

I know your days are busy and it feels like we are all working harder than ever before. So thank you for taking time to come along.

We are all in our jobs for the same reason . to make a difference for New Zealanders.

Whether that's developing new policies, implementing services, writing new legislation, working on the frontline.

We are all here to serve New Zealanders. And I think we can do a better job than we are now if we are prepared to do things differently.

Today, I want to look back at what public service - *to serve the public* actually means.

And I want us to think about what it means not just today, but what it means for serving the public effectively in the future.

### Public Service

You give a damn.

You have chosen to serve.

That's a nice lofty statement, but many New Zealanders, myself included, might actually ask each other: *"are you being served?"*

It feels like we are doing a good job. When we could be doing a brilliant job.

It feels like the public sector is contentedly travelling down a familiar road.

But it does not feel like we are working together with people at the heart of everything we do.

It feels like we are talking about it, but not yet doing it.

### **The public service – old and new**

First I should acknowledge that we have come a long way.

In the past, the public service was seen as slow and clunky.

It was a world of bland suits . they were mostly all suits.

It was, I have to say a bit boring and staid.

But this isn't you . this isn't the people who serve New Zealand today.

Just looking out across this room I can see that.

The statistics show it too.

- Increase in Māori senior leaders in the public service from 8.3% in 2010 to 12%.
- People of Asian ethnicity now make up 8% of the public service.
- 42% of senior leadership roles are filled by women,
- Average age across the sector is just over 44 years.

You are a diverse group and growing more so.

You increasingly reflect the people of this country.

And as I started by saying, we are here to serve.

But do our current structures help or hinder?

Are we really fit for purpose to serve a modern New Zealand?

Generally we don't get a blank slate to redesign our departments and agencies.

But you'd have to say that if we did, this is not how we would do it.

Our public institutions are simply not reflective of the lives New Zealanders lead.

And their design does not effectively deliver what New Zealanders want . . .No,

what they need from us.

We take money off hard working New Zealanders each week because we need it to run services and provide for people in need.

They deserve the best we can do. Is this the best we can do?

### **A fit-for-purpose public sector**

New Zealand's public sector has grown up in an ad-hoc manner over the decades.

We've tended to create new institutions based on immediate, pressing need, without really putting too much long-term thinking into it.

Take Parliament for example.

It was pretty hard to get policies in place that would support the nation's growth, when we had to wait for approval from London or New South Wales.

So in 1852 the UK Parliament passed a law creating institutions so New Zealanders could govern themselves, proclaiming it was for peace, order, and good government.

It was modelled on what was in place in England, Canada, and Australia.

But over the next few years, we realised it wasn't quite the right fit for us.

So we've done a spot of constitutional renovation- we've chopped bits off, we've added new pieces, and completely rebuilt other sections.

The Parliament we have today, and the way it works, only barely resembles the way it was when it was created.

I think that can be said for a lot of our Government departments and agencies.

I strongly believe that in a country as small as ours, and as smart as ours, as nimble as ours, there's simply no excuse for some of our long-standing problems.

Two examples that we continually come across and have failed to resolve in any significant way are sharing information about people between agencies, and sharing resources.

These failings prevent us addressing some of our hardest social issues.

Long-term welfare dependence, high rates of teen pregnancy, poor educational achievement for Māori and Pasifika.

I am the first one to stand up and say that this Government has implemented

some significant shifts in recent years which have gone some way to changing the landscape.

But to speak frankly, it begins and ends with changing the way we think, as servants of and to the public.

People who use public services don't live their lives in the way our institutions frame them.

While in part it's because of the Westminster system of Government we have, with vertical structures designed around Ministerial accountability, we've also had departments reverting to: %we can't make this or that change, because it's another agency's problem.+

At some level it genuinely wasn't their fault . because it was all we expected of the system.

But that sort of attitude has failed too many people and businesses who needed and are entitled to expect their public sector to help.

It has been a drag on New Zealand's progress, both fiscally as a thriving economy and socially as a land of opportunity and prosperity

### **Celebrating success so far**

So what tools do we have to make a change?

Let's presume a complete restructure of the Westminster system is off the cards . that level of disruption would do more harm than good.

Then what next?

Firstly, let me celebrate some of our successes.

Sometimes we are so busy looking ahead we forget to take a minute to see how far we've come:

- Annual growth is at 3.5% - highest annual rate since Sept 2007.
- Our Business Growth Agenda is supporting businesses to grow and create jobs.
- Business investment up \$8 billion between 2010 and 2014.
- 80,000 jobs added to the economy last year.
- Crime rates continue to drop, with the recorded crime rate at the lowest since 1978.
- We've just seen the lowest number of young people appearing in court

for 20 years.

- People receiving elective surgeries went up from 118,000 in 2007/08 to 162,000 in 2013/14 . a 37% increase.
- Benefit numbers are the lowest since 2008.
- The number of sole parents on benefit is the lowest since 1988.
- And since 2009 there has been a 48% reduction in teenage mothers on a benefit.

Think about how those results play out in real life.

Think of the taxpayer who is working for a business that's growing, who is feeling safer in the community, and whose family is getting the healthcare they need.

Less of their tax dollars are going towards welfare payments and at the school their children go to, teenage pregnancy is a rarity.

People's lives are directly impacted by the results we can provide, so doesn't it make sense if our agencies are driven towards producing the best for them?

### **The Investment Approach**

The Investment Approach is behind the successes in welfare.

But it was so common sense; you wonder why it took us until recently to introduce.

A Baseline Valuation of the welfare system had never been attempted before.

Why not? The Government . and the taxpayer . spends around \$8b on benefits a year, \$22m a day.

But actually working out how those big, big numbers apply to each person on benefit? . it was simply *not how we looked* at welfare.

Many of you here know that a key feature of the valuation was using data analytics to work out the segmentation of people on benefit.

The commercial sector has long been doing this . grouping together people at similar stages of life with similar characteristics, to better understand their needs.

So we did it with people on welfare, and the numbers were simply astonishing.

The lifetime cost to the country, of people on benefit was \$78 billion.

But even more astonishing, we saw that those on the unemployment benefit . where we focused the lion's share of that \$78 billion, made up only 5% of lifetime costs on welfare.

That's a fraction compared to the lifetime costs of sole parents (23%) and those on Sickness (9%) and Supported Living benefits (24%).

By being better informed about who was receiving a benefit and how long for, we were able to make better decisions about the support and investment they need.

We could for the first time identify what's not working well, and direct our spending to where it's more effective. And some of the results we are seeing are tremendous.

Real people's lives being positively impacted by how they are being served by the public sector.

It shows what enormous progress we can make if we look at the world through a different lens. If we take risks and innovate. If we expect . no, if we demand - change from our public sector.

### **From welfare to wider reform**

It is no accident that I have got the particular set of responsibilities that I have this term.

The Prime Minister thought through carefully the inter-relationships between the state sector, the local government sector and the finance portfolios.

Working alongside Bill English I intend to change the way we deliver services.

State Services means I can look at structure and the bigger picture.

- Incentivising change at CE and leadership level
- A citizen-centred approach to delivery
- Accelerated cross agency/joint-Ministerial work

Associate Finance gives me some different levers

- To work the funding differently
- And to change the decision-making processes

While Local Government means I can also work with the public service locally.

So what does change look like?

There are already great examples of changes:

- The Canterbury Skills and Employment Hub . welfare, tertiary education

and immigration located together

- Justice Sector Fund . a smart use of savings to create a sector-based funding pool
- Border Services . MPI, Customs, Transport, Immigration and DIA starting to join up their delivery.
- Children's Teams

Too often, abuse happened even though the health worker knew the mum, the probation officer knew the dad, and the kindy teacher knew things weren't right.

Children were being put in danger, killed and abused, because no one joined the dots.

Each of those staff members were doing their jobs, but that wasn't serving those who needed it

- Then of course there is the Investment Approach.

I have been deliberately given the range of portfolios needed to drive significant change.

But let's turn the lens around and look at it from a citizen-centric point of view.

### **A truly Citizen-Centred approach**

I feel like I'm about to say the same thing I've said repeatedly over the past few years . but because we haven't truly addressed it - I need to.

So, in fear of stating the bleeding obvious: People do not live their lives around Government agencies.

They do not fit neatly into a box of need+that slots perfectly into a department or a portfolio.

From the mundane to the extreme, too often government fails to service the needs of the public.

The mundane being people having to provide the same information over and over again throughout their lifetime to different agencies.

The extreme is the woman and her children trying to get out of a violent situation.

Her complex needs - housing, education, safety, transport, financial, and on and on, mean she needs to be extremely tenacious and astute to get the help she needs.

She shouldn't have to be. We should anticipate the help she needs.

We should look through her lens, in her town, with her history and her issues.

Our NGOs do it, and they do it well with the resource they have.

What is our excuse? It's our job!

So, is change place-based?

And should we start to design our services radically differently from the ground up?

Think about a major airport.

Would we fund at least 6 different agencies to provide services at an international airport, if they all looked at the customer through their own lenses in isolation?

Or would we see the experience as a whole, funding it very differently but ensuring their responsibilities were linked.

Can we shift this sort of thinking to something like a joint-venture fund covering a community that scoops up current funding and produces actual results for people?

Results for individuals based on what they need, not what the agency can deliver.

Underpinning all of this is the Investment Approach.

That is, looking at when, who, and where we should be spending more.

We want to invest in people and families *now* to deliver the long term results that improve their lives.

Because we don't think it's good enough to just keep throwing money at the problem, and hope some of it sticks.

Basically, we want what delivers results for New Zealanders, not what works for a set of institutions that were designed in the 1800s.

Now for my challenge for the public sector

I'm not interested in doing this to you.

I haven't designed the perfect structure that I'm about to drop on you tomorrow.

I want to do this with you.



I know that like me, you are driven to serve the public.

You must be dedicated to New Zealanders, and this country.

Otherwise, why are you here? Why would you bother?

This really is the opportunity to show it.

You believe in this great little nation, and the potential of the people who call it home.

I also know that you have great ideas, but that you are frustrated at times with the constrictions of tackling challenges only through the lens of the department you work for.

I was very lucky when I was Social Development Minister. Because I got to travel around this country and talk to some of the most dedicated, inspiring and thoughtful public servants I had ever met.

Through my conversations with Work and Income frontline staff *they* designed the Welfare Reforms.

I listened to them, saw things through their lens and through their customers' lens.

I took those ideas and polished them up a bit, brought them to Wellington . and you know the rest.

So, are you up for the next big step?

Are you spectators or participants?

If you are like me and want to get to the heart of better services to the public, then let's really think about what needs to change.

What models can deliver the change we need?

What structures will better serve New Zealanders?

The point here is no *single policy* is a silver bullet, whether it relates to reducing crime or performing more operations or growing our businesses.

But by each of you taking a step back, thinking about the work you do . from the New Zealander your work affects right back to your desk . you can make a difference.

I'm excited about what New Zealand can achieve over the next three years.

Thank you again to IPANZ for inviting me to speak today, and for your work

promoting and informing discussions about the future of our public sector.

Now it's the Q&A part.

I want to hear your questions, but I also think our time might be better spent talking about the sorts of change you are interested in.

If you don't want to take the mic right now, feed these ideas to your Chief Executives.

And Chief Executives . be on notice.

When I meet with them I'll be asking them what is the best idea they've heard recently, and hopefully I'll hear yours!

Thank you.

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