

He Tai Pari Conference Opening Address

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Tēnā koutou, tēnā koutou, tēnā tātou katoa
Tēnei au e tu ake nei
e mihi atu nei
Ki a koutou, rangitira ma

Good morning and thank you for the opportunity to lead off what will be a fantastic conference. Let me first acknowledge Cath Handley and her team for their success in bringing together delegates from across New Zealand and across the Tasman, and attracting expert speakers from as far afield as the United States.

He Tai Pari – the incoming tide – is aptly named, because there's a sea-change happening in the social sector. This morning I'll talk about how the greater focus on evidence, outcomes and collaboration is transforming the government's approach to our challenges and opportunities, and to working with social service providers. I hope you'll find it useful context as you share your knowledge, insights, experience, and learn from each other over the next two days.

First, why am I here, why is Treasury interested? Let's face it – when you hear “social services”, we're not likely to be the first organisation that springs to mind. Treasury and the social services sector have more in common than some might think, and I hope this is also increasingly the case. We are both trying to affect change for New Zealanders and implement strategies that raise living standards. In fact that is the Treasury's vision: a world class Treasury working towards higher living standards for New Zealanders.

In my view, to meet the challenges and take the opportunities we face, we will need new solutions that bring together different perspectives. You all have real life hands-on understanding of the issues, and we primarily use data and analysis. Both are critical to finding the best solutions to making a difference for people lives. Challenges like: how do we increase the ability of people to participate in society and the economy in any way they choose? How do we address barriers such as long term income immobility, persistent deprivation and inequitable education outcomes?

Together we've got the opportunity to tackle these challenges through sharing expertise. This conference is a chance for us all to gain new insights, build our knowledge on approaches to evidence and outcomes. For the Treasury's part, we're very committed to building our knowledge about what's happening for people. We are changing the way we do our business and we want to connect.

Recently I visited Northland with our health team and met Dr Lance O'Sullivan. It was great to see what a difference can be made to children's health using a different approach. It was also great for our staff to ask themselves, what difference I can make from Treasury.

Of course, I have to mention the money bit. Around \$24 billion of the government's yearly expenses go towards social security and welfare. That's roughly one dollar in every 3 that the government spends, and it doesn't include health and education budgets targeted at those on low incomes.

To put it another way, the amount the government allocates to social security and welfare works out to be a contribution of \$100 every week, from every single person, everywhere in New Zealand. We all want to know that it will deliver results and make a real difference to the people's lives it is targeted at.

It's up to us in the public sector and social services sector to demonstrate that the best of intentions are matched by the best of interventions. That's why government is focused on many of the same things this conference is about: evidence, outcomes, and collaboration.

In essence, what government is striving to achieve is two things: better social and economic outcomes for individuals and families, and better value for money from Crown expenditure on social services. What is good for the people in achieving a shift in outcomes, is good for the government books.

So what does that mean in practice? What's changing in the way we work together?

First and foremost is the concentration on outcomes. Speaking at the Data Futures Forum in June, Deputy Prime Minister Bill English emphasised that the government is now focusing more on the end results of its spending, rather than simply the amount of spending. In the

social sector this is about government agencies and service providers taking a more effective approach where we know what the desired results are, who is most in need of help, what actually drives poor outcomes, and which combination of concrete actions will give us good outcomes.

As you know, that's already having a flow-on effect on contracts between the public sector and social service providers. For these contracts to be successful for both parties – and more importantly for the people we want to help – it requires a few things. First, the public sector needs to be clear about what outcomes it wants; providers need to show how their services will deliver these outcomes. It requires understanding of what has worked or hasn't worked in the past. It requires good evaluation. Good data and measurement will help everyone know if outcomes have changed. It also requires us to be dynamic. To use information and incentives to help refine services and get even better results over time.

The very fact that you're having this conference shows the social services sector's adaptability and willingness to do things differently.

The public sector knows it has to be more flexible too. We're trying to get greater coordination and consistency across government, and looking at how to encourage more innovation and collaboration between agencies. That includes getting better at commissioning work. For example, we're committed to reducing your compliance costs in a couple of ways: firstly by streamlining contracts so that there are common terms and conditions, and secondly by streamlining accreditation processes so that if you're an approved provider for the Ministry of Social Development you should be automatically approved for other agencies without extra audits. This has been a long time coming, but it is finally here.

Some of you who have been in the social sector for a while might be thinking 'We've tried these kinds of approaches before, so why is it going to be any different this time?' It's a fair question. I believe we are on the cusp of a sea change. Circumstances have changed a lot. The focus on outcomes and evidence is being applied across the whole social sector, rather than in a piecemeal fashion. The focus on results provides a strong alignment and sense of shared purpose. Wellington is getting its act together – a number of government agencies are working on this simultaneously instead of in isolation, and they're getting central support from the Treasury and the Ministry of Business, Employment and Innovation. Another important difference is that we're taking a close look at the system issues and barriers that could get in the way, and the factors that will enable success.

A few weeks ago the government's interest in better outcomes and better value for money was reinforced by the announcement that the Productivity Commission will investigate ways to improve the delivery of public services. They'll be looking at social services in particular, and what can be learned from innovative approaches here in New Zealand and internationally.

When announcing the inquiry, Commission Chair Murray Sherwin said:

“There are likely to be significant gains from challenging and improving the ways that social sector agencies identify needs and deliver services. [...] It is important that the institutional arrangements and commissioning processes are effective so that service providers can and do address the complex range of issues that they often face. Equally it is important that there is adequate accountability and oversight to ensure that social service providers are achieving the results or outcomes that matter most to New Zealanders.”

The Commission will be putting out an issues paper in due course, which will give you an opportunity to make a submission and share your insights. There is more information on their website if you are interested.

There are also wonderful examples of success built around analysis, outcomes and collaboration that you'll get to hear about over the next couple of days.

I'll leave it to others to share their initiatives with you. However, I will just briefly mention an example implemented by my public sector colleagues from Work and Income and a wide range of service providers, the Youth Service model.

This is part of the investment approach to welfare, where the social services sector gets in early and works intensively to support some of our most vulnerable groups and help them avoid long-term welfare dependency. Youth Service works primarily with 16 and 17-year olds not in education, training or a job. This is a crucial group to target if we want better social and economic outcomes, as it accounts for 70 percent of New Zealand's future welfare liability.

It's still early days but the results from Youth Service have been impressive so far. The teenagers it has helped are more likely to gain credits towards an NCEA Level 2 qualification, they are getting budgeting and parenting support, and they are spending less time on a benefit overall. That's a really good outcome and shows what can be achieved through collaborative effort.

There's a lot of collaboration happening around the country and some of it's on a very large scale. For instance, Auckland Council's Southern Initiative is pulling together local government, tertiary institutions, businesses, community groups and public sector agencies to help bring about better employment, education and social outcomes for South Auckland. That's no easy job and there's no quick fix – we're talking about a 30-year plan to turn things around. But it's encouraging to see a high degree of collaboration on an ambitious programme that could improve the lives of hundreds of thousands of people.

It's not just big collaborations that are shaping the future of the social sector, it's also being transformed by the use of big data. I mentioned the Data Futures Forum earlier, if you haven't heard about it, it's worth having a look at. The Forum was set up by the Minister of Finance and Statistics to explore how government, businesses, researchers and the public can safely share data and use it to deliver better outcomes for New Zealanders. There is a wealth of data and evidence generated in New Zealand that you will be connected with that the Treasury would love to see shared. Better New Zealand evidence is something you have raised as important.

In terms of public services, having better data and better analysis will help the government better understand which of its services are working well and which are missing the mark. It will help us identify trends and risks that can inform our planning, investing and policy-making.

The Data Futures Forum website uses a good case study to illustrate the opportunities that shared data opens up for the social services sector. It draws on data from Education, Child Protection, Youth Justice, Youth Transition Services, Work and Income, and Corrections to show the life of an invented person called Marc Smith from early childhood to early adulthood. Marc suffers physical and sexual abuse as a young boy and goes on to commit crimes as a teenager, before being taken into state care when he's 14. He does OK in school, but later leaves tertiary study and goes onto a benefit, with a stint in prison by the time he's 20. The state sector spends well over \$200,000 on Marc, but the outcomes for him, his community and his victims have all been poor.

It's a depressingly familiar picture, but it doesn't have to be. The point of this case study is that it shows the potential to identify people going down a high-risk path in life early on, and go in with interventions that make a difference.

Within the Treasury we've set up an Analytics and Insights team that's using data in really effective ways. What they do is look at data from a lot of different sources and analyse it, so we can understand problems faced by New Zealanders and help government agencies find solutions. Just as importantly, they track interventions to make sure that they work.

To give you a couple of practical examples of what the team is doing within the social sector, they are working with Justice to look at the impact of types of sentence on future employment, earnings, benefit receipt and re-offending. They are also working with the Ministry of Health to investigate the impacts of chronic disease and acute health events on job prospects, income and the likelihood of being on a benefit. In the future, some of the social sector issues they could look at might include pathways to benefit dependence among youth, predictors of poor school achievement, or beneficiaries' interactions with the health system. There's a lot of really promising avenues to explore that can lead to much better public services.

One last area I want to talk about on the role of evidence in social service provision is the field of behavioural insights. Behavioural insights experts seek to understand the factors that influence peoples' decisions, and to use this understanding to design services which have better outcomes. Many governments around the world are starting to build this capability, including the United Kingdom, Australia, Singapore and the United States, and there's growing interest here in New Zealand. It's certainly well established in the UK, where the government is changing the way it interacts with the public in areas like taxation, health and employment to better reflect what they know about how people act in real life.

A few weeks ago the head of the British Behavioural Insights team David Halpern was in the country talking to the Treasury, and you might have heard him interviewed on Radio New Zealand. One of the examples he talked about was the use of behavioural insights to better encourage jobseekers into employment. Rather than having a public servant behind the desk asking the jobseeker to prove they looked for work last week, asking the person what type of jobs they will be looking for this week, what days they'll be looking, how they'll

go about it, and who they intend to contact. For those with children in the audience this will be second nature to you. Taking this more constructive approach and prompting jobseekers to make a plan resulted in around 10 percent more people getting work.

Behavioural insights is an area the Treasury is keen to explore further, and we know a number of other government departments are too. To that end, we're undertaking a scoping study in partnership with Ernst & Young and the UK Behavioural Insights team to identify a long list of potential policy areas where we might trial a behavioural insights approach in New Zealand.

Before I finish, there's one final point I'd like to make. With all this focus on data, evidence, analysis and measurement, some may feel there's a risk we're becoming numbed by the numbers. As American psychology professor Paul Slovic once put it, "Numerical representations of human lives do not necessarily convey the importance of those lives. All too often the numbers represent dry statistics, human beings with the tears dried off." But I don't think we're in any danger of losing sight of what's important. I look around the room and I see a group of dedicated professionals who do what they do because they want to make a difference for the people they serve.

To everyone here – whether you are working in a social services organisation or in the public sector – your efforts on the ground, within our families, out in our communities, and among our most vulnerable, are helping to lift the living standards of New Zealanders. That's something you can all be very proud of.

"Never doubt that a small group of thoughtful people can change the world. Indeed, it's the only thing that ever has".

Thank you and best wishes for a successful and enjoyable conference.