

Great policy: Responsive today, shaping tomorrow

Address to IPANZ

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Rau rangatira mā,

Kua hui mai nei,

Nau mai, haere mai,

Ki tēnei hui whiriwhiri,

Tēnā koutou katoa

Thank you IPANZ for the opportunity to talk today about great policy - how we can be responsive today and help shape the New Zealand of tomorrow. Policy is fundamental to the business of government and I am delighted to be here to lead this discussion.

As we were pulling this speech together I was prompted to think back over my own career in policy – to reflect on some of the experiences that have helped shape my thinking. I harked back to 1988 and my first day in The Treasury, a newly graduated Botany major, fresh from my first big career choice, whether to join the public service, or the alternative - whether to spend 2 years cooped up in an Australian Antarctic base studying polar algae!

I remember arriving in the Treasury to a pile of overdue Ministerials (left for the new grad) and the main task of providing Treasury's comments to the Ministry for the Environment on a discussion document on food irradiation. I had no idea where to start, the process of policy was a complete mystery to me. I remember wondering whether I had made a huge mistake.

Arguably the jury is still out on that! But in the meantime I have worked on an enormously diverse range of interesting issues, rubbed shoulders with some of the most talented people and had a huge amount of fun. Up to I guess a pinnacle in my policy career, being asked by Iain Rennie to take on the role of Head of the Policy Profession.

Today, I will talk about that role, offer some thoughts on the state of the policy profession and what we are doing to lift our game, and how we will know if we have been successful. I hope there will be opportunity for discussion at the end.

My role as Head of Policy Profession is just one of a number of new, system wide roles that have been established as part of the Better Public Services reforms. Better Public Services is underpinned by four key themes:

- A focus on the outcomes that matter to citizens
- Working together across departments in a more integrated whole of government way
- Enhancing innovation, and
- Creating new leadership roles that have reach across the State services rather than just vertically down into agencies.

The HoPP role is an example of this new form of leadership. As HoPP I'm tasked with improving the overall quality of advice to Ministers, and the capability that sits behind that. This role is very complementary to the core role of DPMC, which is to advise the Prime Minister and support the effective functioning of executive government.

So what does great policy advice look like? Great policy advice helps Ministers make good decisions. Decisions that improve the lives of New Zealanders – which, as public servants, is why we're all here. Great advice brings evidence and multiple perspectives together to provide insight into real-world problems. Great advice is built around the needs of citizens and focused on government doing the right things, at the right time and in the right way. Great policy is much more than the collection of facts or data – it is advice that helps Ministers navigate the messy, complex world we live in.

Great policy is also something of a holy grail. It is probably in the nature of policy advisors and the policy commentariat to wring our hands a lot about policy not always achieving the gold standard. I welcome that. We should be looking for ways to lift our game. We should be self-critical and ambitious to improve.

Some of you will recall previous attempts to improve the quality of policy advice (SSC work in the 1990s, the Scott Review in 2010). These are thoughtful pieces of work and have provided essential insights for our current efforts.

In the spirit of self-criticism, however, we made less of the opportunities those Reviews offered than we should have. The momentum they tantalisingly promised to deliver didn't eventuate. I think they suffered from a lack of ownership or buy-in across the system. With the benefit of hindsight they look a bit like central agencies doing something to the rest of the public service that generate some compliance based activity but not enough in the way of long term change.

Notwithstanding me being here, this time does feel different. Policy agencies from across government have put their money where their mouths are. Yes, I have a small team in DPMC working on what we've imaginatively called 'The Policy Project', so there is the whiff of the central agencies about us (although the team is all secondees). But we are supported by a group of chief executive sponsors, a network of Tier 2 Policy Leaders and most importantly by an enthusiastic policy community, including many of you here today.

We are trying to work 'with' the policy community, not do things to them. Our approach is to co-produce solutions so they are relevant to the policy analysts, advisors and managers who make the policy machine work. We aim to bring great ideas and people together, identify and upscale good practice and develop new and innovative approaches to policy.

There is real energy in this work. I have been struck by the passionate way people from across government and beyond are working together to improve policy. Over the last six months as HoPP I have met with – indeed policy speed dated with – policy analysts, managers and thought leaders. What impresses me most about these groups is their appetite for change and for doing things differently – and better.

But let me start as any good, orthodox piece of policy advice should, by setting out a bit of context – a problem definition.

There is much that works well in the New Zealand policy system. Even if I limit myself to great policy triumphs of this century, I can come up with a reasonable roll call of success.

I think the policy community can be proud of the establishment of the New Zealand Superannuation Fund, the introduction of KiwiSaver, the Effective Interventions work programme led by the Ministry of Justice, Auckland Governance Reform, the tax changes announced in the 2010 Budget, the Investment Approach to social welfare and of course the Better Public Services Results.

But for every one of those successes I suggest there are too many examples of policy problems where we have not provided the solutions to Ministers that, frankly, as New Zealand's elected representatives, they deserve. The policy context is changing, creating new challenges and opportunities, asking demanding questions:

- As a policy community have we done all we can to help Government make traction on the most complex social and economic problems, and to provide a service delivery experience comparable to the best that the private sector offers?
- Have we taken full advantage of the powerful new tools technology provides for policy makers, new ways of engaging with citizens and new ways of generating evidence? Have we

understood and articulated the challenge of disrupted business models and regulatory frameworks in the retail, media and transport sectors amongst others? Are we keeping up with the evolving privacy debate?

- Do we adequately understand the demographic change underway in New Zealand? The necessary impact of those changes on the way we design policies and deliver public services? The New Zealand of the future will be older, increasingly Maori, Asian and Pacific Islander in ethnicity. We will live, work and stay active longer and live in smaller households. In this context, the old ways of doing things are unlikely to be fit for purpose.

The policy community understands we need to lift our game in order to meet those challenges, to answer those questions. Through the Policy Project we have identified four key areas where we have to focus our efforts:

- We need a better understanding of citizens' lives and how they experience public services. That requires new methods of engagement and involving users in the design and delivery of policy
- We need to work more effectively across government agencies, knocking down the silos. We should be operating as one public service – our advice should be joined-up
- We need to build high-performing policy teams that are more diverse in their composition, thinking and methods.
- And we need to keep enhancing the key relationship for the policy profession - how we work with Ministers.

Let me address each of these four areas in turn.

'Understanding citizens' lives

In my policy youth, a policy analyst was typically hunkered down in the bowels of a policy unit trawling the literature, applying theory to a tightly defined policy problem. If you were lucky you got to consult with stakeholders on some of the resulting 'solutions'. We were not particularly citizen-centric.

Indeed at times it felt to me like there was a ban on talking to anyone outside core government – in case we inadvertently created some exposure for the government through our conversations.

New Public Management taught us to see the 'customer' as the Minister. Up to a point of course, this is true. But we shouldn't lose sight of the reality that Ministers are purchasing our advice on behalf of

citizens. New Zealanders are the ultimate customers - the businesses being regulated, the people who need health, housing or welfare services.

Today the scene is different. New tools such as design thinking, systems analysis, behavioural insights and big data have the potential to generate evidence and insights to enhance our policy advice - if we learn to use them well and know what method to apply when.

An example of the value of these methods is the Auckland City Mission Family 100 Research Project which used design and ethnography to produce powerful insights into the daily experience of families living in poverty. In particular, the project showed how challenging it could be for these families to navigate the very government services that were meant to help them.

Clearly, if we are going to design policies that deliver real benefits to New Zealanders we need a better understanding of people's lives and their interaction with government.

Citizens and business now expect that they will be more involved in policy development. I want the Policy Project to help create the space and share methods for policy professionals to engage directly with citizens, using technology or face to face. Rather than asking at the end of the process "what do you think of my solution?", we need to invest in building relationships that can be drawn on to help shape, reshape and even co-design policies and services. Frontline staff are a real asset in this task as they deal with citizens and the real challenges they face every day.

At the national level, the Land and Water Forum's work on water, the Welfare Working Group's engagement on welfare policy and even the Royal Commission on Auckland Governance can all be seen as ways of resetting the public policy debate – bringing more diverse voices into policy conversations.

This isn't easy. Officials and Ministers have to get used to sharing the policy process with other influential players. Advising Ministers on these sorts of processes is now an integral part of the policy leader's job. They are critical not just to refine the policy ideas – but to build consensus and hopefully facilitate a more constructive political debate.

This is particularly so in an MMP world when minority governments and coalitions mean that very few pieces of legislation have guaranteed passage through the House.

Working as 'one government'

Engaging with citizens in more creative ways is part of the modern policy game. So is engaging more effectively with our colleagues in the public service. No one here will be surprised to hear me say how important it is to work across our agency silos, in ways that make the most of both policy and operational perspectives.

The Better Public Services (BPS) world challenges us to ‘think system’ – to work together on shared policy goals across government and with the private and community sectors. The shifts in some of the BPS Result areas show how powerful that can be when we get it right.

For example, BPS Results 7 and 8 have seen a reduction in violent crime and in reoffending due in part to shared policy targets and better collaboration across the justice sector - involving Ministers, chief executives, policy staff and integration at the front-line.

In my view we are better now at working across agency boundaries than we have been over the entire course of my career. So this is one area where I certainly don’t buy into some historical golden age.

But notwithstanding that, we have more to do. With some exceptions we still work too much in silos. Policy units sticking to their knitting without a broader view of what the overall solution should look like; compounded by Ministers protecting their policy projects from the input of others until too close to final decision making.

We also don’t build implementation enough into our policy advice. The policy process is not complete when a Minister signs off on a decision. We need ‘end to end policy’, which links policy design to delivery and back again. This implies iteration, adaptation and learning underpinned by systematic evaluation.

It means making more of an effort to talk to the frontline staff who put our great ideas into practice and who know first-hand how policies are working on the ground.

Building policy capability

As a policy community we also need to think system when it comes to building policy capability. If a policy team has developed particular expertise I want them to actively share that capability with other agencies – either by providing some peer support for other agencies to upscale, or as a system centre of expertise. Some agencies are already doing this, for example:

- The Ministry of Transport has developed a policy analyst training programme open to other agencies
- The Inland Revenue Department and the Ministry of Primary Industries have developed project management tools tailored to the policy context, and
- The Ministry for the Environment has developed a range of tools and resources on policy commissioning, quality assurance and peer review that others are adopting and adapting.

We need to make the most of the resources we have as a policy system, share good practice, and avoid 'reinventing the wheel'. Through the Policy Project we'll be taking the best of the best and pulling it together into a system resource.

We currently have a cross-agency group looking at policy quality– that group will co-design tools and resources that all agencies can use. We are also looking to make the most of our policy leaders, helping them to support their peers to develop high-performing policy teams.

There is some great work happening, but there is still a long way to go.

Policy people capability – building diverse teams

Part of this journey will involve forming more diverse policy teams than has traditionally been the case. Recruitment firms tell us that everyone wants policy staff who can think strategically, do a bit of blue-skies thinking and preferably have a background in economics. I think we need to think more creatively about what we need in the policy profession.

Yes, we need people to have excellent foundation skills and knowledge – familiarity with common analytical frameworks and good writing skills. But we also need diversity in all senses of the word – of background, experience, perspectives, ways of thinking and communicating.

I give credit – and offer personal gratitude - to the Treasury's 1980s graduate recruitment which included the specific objective of recruiting about a third of their intake as non-relevants! Perhaps not the most motivating of categories, but if you're a relatively clueless Botanist it proves to be a lifeline!

One size does not fit all. It's the combination of skills, experience and background that makes for a high-performing policy team. We need the people who can crunch the numbers, the people who can engage with other agencies, the frontline and the public, we need the designers, ethnographers and entrepreneurs who think outside the box and we need evaluation expertise. The great thing is that we have many of these people in the policy community – we just need to play to their strengths and make better use of their insights.

Recruiting and maintaining the right mix of skills and experience in the policy profession means creating attractive career pathways and investing in development. I may have arrived in Government as a non-relevant Botanist but have been supported through subsequent tertiary study to earn 2 more relevant degrees, have been on three substantial secondments and thrived through a lot of on-the-job opportunity.

Policy managers and analysts alike have indicated that they would like to work in a more flexible and open system that values movement, diversity and personal development. Their suggestions include

making it easier for people to move around the public service, creating new exit and entry points to enable movement to and from other sectors and agencies taking a more proactive approach to the personal development of their policy staff.

In theory, this should be easy. Few professions have a 'value proposition' as compelling as a career in public policy. Where else can you combine the intellectual challenge of complex problem solving, the ability to make a real difference to people's lives and the opportunity to work on issues as diverse as international trade, child poverty and water management?

We need to better facilitate the development and deployment of policy staff – to develop rewarding policy careers as well as ensuring we have the top minds engaged on the most pressing policy challenges. There is no room for agency centric behaviour in that scenario.

Better relationships with Ministers

This brings me to the relationship between policy advisors and Ministers, the inner sanctum of the policy profession and the subject of quite a lot of conjecture and debate.

In that inner sanctum, trust is key. Ministers' trust in their public service policy advisors is built on a mutual understanding of roles, on the professionalism, integrity and impartiality of the advisors and finally but essentially on the quality of the advice given.

Trust creates the space for free and frank advice. Some commentators have recently argued that there has been a reduction in free and frank advice. I have thought quite hard about this and actually don't agree. This is not to say we can't do better. We need to. But my own observation, from the last 20 years and some since I first became a policy manager is that there has always been mixed performance.

Where the relationship between Ministers and advisors is high trust and respectful, there is and always has been room for candid and challenging views to be aired. Where relationships are weaker, a much less constructive exchange occurs.

Officials can build that trust by listening hard, playing with a straight bat and exercising appropriate judgement in how they record their interactions with Ministers. Ministers can help build that trust by being open about their thinking – and the constraints and opportunities as they see them.

One of my hopes for the Policy Project is that by sharing good practice and experience, we will be able to build stronger relationships with Ministers where free and frank advice is offered and accepted. The State Sector Act makes it clear that free and frank advice is required even when it isn't always welcomed. It is a legislative obligation, not just a convention.

In giving free and frank advice, we must never lose sight of our role as public servants. Ours is to advise; Ministers to decide. And Ministers deciding not to agree with officials' advice at times is a natural and appropriate thing.

Ministers are ultimately responsible for setting policy priorities and objectives. Officials have the job of helping Ministers achieve those objectives.

I get frustrated when I hear people say policy advisors should not proactively help Ministers shape the agenda. The best policy advisors do exactly that. They tend to earn that opportunity over time by demonstrating an understanding of what the Minister is trying to achieve and presenting good ideas.

We should not be passive recipients of Ministerial instructions. Rather we should be helping Ministers ask the right questions and supporting them to get the most out of the policy services available to them.

One of the trickiest phases in the policy process is commissioning – that is, clarifying the work to be done in a way that makes sense to Ministers, senior officials and the poor analyst at the end of the chain who actually does the work. Commissioning will almost always be an iterative process, but as policy professionals we should be thinking more strategically about how we can help Ministers in this task. We need to 'walk in their shoes'.

None of this should in any way be taken as a suggestion that officials should be anything but politically neutral and impartial. That is bedrock. But do policy advisors need to be politically aware as we advise Ministers about the challenges, opportunities and risks of any particular policy?– Absolutely of course we do.

If I am allowed one message to Ministers today it is to remind them about their crucial role in creating the enabling environment for great policy advice and a high performing policy system.

At a Policy Forum we ran last year, Policy Leaders identified a number of conditions that would help them provide a better service to Ministers. Some of these included “opportunities to talk to Ministers early and regularly” and the expectation and permission for advisors to engage broadly and openly with stakeholders to unearth the “real story”.

Sometimes that might be uncomfortable – especially when the views of different stakeholders clash. It is our job to find a way of presenting conflict in a way that supports Ministers to take the ultimate decisions.

This brings us to stewardship. The State Sector Act (section 32) charges chief executives with ensuring “the capability and capacity to offer free and frank advice to successive governments”. The expectation is that chief executives need to be responsive to current

ministers and their objectives, as well as transparently investing in capability to be able to advise future ministers and governments that might have a different policy agenda.

For policy managers and leaders, that has implications for investment in and deployment of policy resources in departments. It means taking a longer-term focus to building capabilities in research, in the generation and use of evidence, as well as ensuring we have the right skills and experience in the policy profession.

It could mean undertaking research and analysis on issues that are not priorities today, but could become priorities in the future. Chief executives and their senior leadership teams need to ensure the health of the policy function over time.

So, thank you for the opportunity to talk about great policy. There is much to celebrate but plenty of room to improve. This is not an overnight game. Continuous improvement and innovation in policy will only happen if we have sustained effort across the system. For me the Policy Project will have been a success if, in 2-5 years' time I see the following:

Innovation, evidence based, user informed advice: Policy advice will be better informed by evidence and user insights and evaluation of what went before. Advice will be joined-up – across agencies, within agencies from policy to delivery, and outside to community and private sector delivery partners. We will see more stakeholders brought into the policy process to co-design solutions. The policy journey will be characterised by a more open, end-to-end process. I will hear praise about advice hitting the mark and innovative policy options that excite Ministers (scare them even – but in a good way).

Our advice will be free and frank – and presented in a way that galvanises us around shared policy goals and helps Ministers be as effective as possible.

An outstanding workforce of policy people: We will be investing in a high-performing policy profession. We will have identified the skills we need for excellence and how we can attract, develop, deploy and share policy expertise within agencies and across government. This means departments sharing their best people to work on cross cutting policy challenges, more joint teams and people removing their 'agency hat'.

We will have the right people, in the right place, working on the right things.

A policy focus on the issues that matter: We will be working on the big policy challenges, wicked problems, in a whole of government way – embedding and extending the BPS Results approach with shared policy goals. We will be openly debating ideas and options,

not disputing territory or responsibilities. We will be shaping the policy debate. We won't let the urgent distract us from the important or the longer term issues.

If we manage all of that we will have created a powerful policy culture, characterised by innovation, continuous improvement and sharing good practice. And that will mean we can articulate, tackle and solve the big problems facing our country, capture the opportunities that have escaped us this far. And improve New Zealanders' lives.

No reira nau mai haere mai,

Kia ora huihui tatou katoa.

I encourage you to check out the Policy Project webpage on the DPMC website. I'm happy to answer questions and keen to hear your comments, ideas and challenges.

Thank you.