

In Pursuit of Better Stewardship

Address to the Improving Intergenerational Governance Symposium

Andrew Kibblewhite – Chief Executive of DPMC and Head of the Policy Profession

23 March 2017

*He pai te tirohanga ki nga mahara mo nga raa pahemo engari ka puta
te maaramatanga i runga i te titiro whakamua*

*(It's fine to have recollections of the past but wisdom comes from being
able to prepare opportunities for the future)*

Tēnā koutou, tēnā koutou, tēnā tatou katoa.

Thank you all for making the time to be here today. I have about 25 minutes worth of remarks, and then I hope we'll have some time for questions.

One of the privileges of my job is I get to see on a day-to-day basis some of the gnarlier issues facing New Zealand.

- I see policy advisors and Ministers seeking to work out how to deal with families with complex and difficult needs.
- I see the immediate and flow on impacts of earthquakes and the importance of businesses and households getting back on their feet quickly.
- I see New Zealand firms working out how to make the most of the opportunities the world has to offer, yet in a way that manages the risk of going beyond the relative safety and understanding of the home market.
- And of course I find myself listening to the media or involved in conversations around coffee tables about 'inter-generational warfare' – house prices, water management, student loans, and superannuation.

These are all issues where decisions today have an impact on New Zealand in the future. They are hard issues that demand hard thinking, analysis, and the collection and interrogation of evidence and research.

There are lots of definitions of stewardship, but essentially they boil down to taking decisions or actions today that mean we are collectively better off in the future than we would otherwise have been.

Stewardship can involve investing today in assets or research (physical or intellectual capital), in risk management, or in policies. And of course, in people and institutions.

That means chief executives must think not only about matters affecting our departments and the government of the day, but also the medium and long-term health of our organisations, the legislation our departments administer, the collective interests of government, and our ability to provide advice to successive or future governments.

It sounds simple, but stewardship is hard. Making decisions for the future is by definition uncertain. Both the benefits and risks may or may not materialise, whereas costs typically get incurred upfront.

To make matters worse, we face a constant barrage of short run demands. The media cycle is tighter and tighter, and success is measured in clicks that reward salacious headlines more than thoughtful critique.

One of the main items of discussion at today's symposium will be how we can strengthen stewardship in New Zealand. How we can grapple with the toughest issues facing our country.

And maybe how we can avoid some of the trauma that seems to be facing much of the rest of the world: the crisis of confidence in the established 'way of doing things' as expressed through Brexit, or the resonance of the Trump campaign's anti-establishment platform with so many Americans.

I welcome this discussion. I think there is much we can do to achieve better stewardship in New Zealand.

But equally, it is important we take a moment to celebrate or at least acknowledge some of what works well in New Zealand:

In legislation: noting the Public Finance Act with its requirements for transparent, independent, forward looking forecasts; the State Sector Act, including its 2013 amendments that specifically require stewardship; and the Environmental Reporting Act 2015.

In our strong institutions: the courts, independent academia, a strong and responsible military and police force, and a free press. None of these are perfect, but they are all a source of strength.

In a Public Management system that is getting better at focusing on outcomes and results, has built a longer term set of tools, including the Performance Improvement Framework (PIF), and four year plans. More recently, Long Term Investment Plans and Regulatory Management Strategies

And in a willingness to embrace policy innovation, where I would particularly note the work underway on social investment – at its heart a deliberate and careful attempt to better incorporate long term costs and benefits in decisions we take today.

So let us neither catastrophise nor put on glasses with too rosy a tint.

Today I want to talk to you about three stewardship challenges for the public service. There are of course many more than three stewardship challenges so I stress this will not be an exhaustive list! But these are everpresent things that cross my desk every day.

- Strengthening the foundation of the Public Management System. How can we ensure our institutions are strong, and that they provide a platform from which stewardship can occur?
- A subset of public management – the Policy Project – which I have a particular role to sponsor and lead as the Head of the Policy Profession.
- And the management of New Zealand’s risk, with particular reference to national security and the ODESC system (Officials’ Committee for Domestic and External Security Coordination).

Stewardship in the Public Management System

So what is stewardship in a public sector context?

Let me answer that question first by saying I am proud to be a public servant. I firmly believe the New Zealand public service is a source of strength to New Zealand – a big part of the reason we perform well on the Transparency International Corruption Perceptions Index.

And as New Zealand Trade and Enterprise will tell you, New Zealand’s reputation for high integrity systems, for fair dealing is every bit as valuable to our national brand as our clean green image.

This reputation doesn’t come about by accident. It comes about in part from stewardship, from long investment in doing things right – even when short term expediency would have us take an easier path.

I stress there is no room for complacency. Reputations for integrity are hard won and easily lost. And there have been recent instances of corruption in the core public service, and in local government. This is reason enough for worry. We need to be actively diligent.

A key stewardship challenge is to maintain the edge that high integrity systems and people give us. Build on our strength and tackle weaknesses that emerge.

Chief Executives get this and take it seriously. Under the leadership of the State Services Commissioner we are focusing on a small number of critical challenges for the public service – one of which is building a trusted, respected, high integrity public service.

What does this mean day-to-day? It means that we understand and practice the provision of free, frank and fearless advice. It means we jealously guard our reputation for political neutrality. It means we continue to demonstrate the value of independent, merit-based appointments.

This workstream is also supporting the Open Government Partnership. And alongside the Chief Ombudsman we are supporting moves by the Commissioner to improve government agencies’ practices around requests for official information.

This is basic stuff but no less important. The strength of underlying reputation creates a platform for so much of what we do.

Of course the public service is only part of the picture. We serve citizens – and we serve Ministers. And the relationship with Ministers is one of the key enablers – or potentially one of the critical constraints on the ability of the public service to undertake stewardship activity.

Indeed, the section of the State Services Act where stewardship has been placed is about the Chief Executive's responsibilities to their current minister. This describes the constitutional reality of the Chief Executive-Minister relationship. We need to undertake this stewardship role in full view of the Minister of the day and be prepared to discuss the trade-offs we're making.

One of the foundation stones of the relationship between public servants and Ministers, one that is dear to my heart, is the Cabinet Manual, an authoritative guide to central government decision-making for Ministers, their offices, and those working within government.

The Cabinet Manual does not rule Cabinet – its authority derives from its adoption by Cabinet at the outset of each new administration. In that way it provides important continuity and ensures that principles that have been established as sound over time carry on.

But it also leaves room for each administration to update and develop those principles where necessary, ensuring that the content remains relevant and fit for purpose despite the passage of time. It ensures that its mandate and its mission is refreshed.

Constitutional tragics in the room will know the Cabinet Manual was last revised in 2008. There has been a fair amount of water flow under the bridge since then – so Cabinet has been in the process of reviewing and revising (where appropriate) what it says.

I can, today, whet your appetites for the next edition by noting it will, among other things, maintain the strong focus on ensuring good governance, and reflect the stewardship responsibilities resulting from the 2013 amendments to the State Sector Act.

This includes further support for the provision of free and frank advice to ministers. While always a constitutional convention, the provision of free and frank advice now has a stewardship element: it is now a legislative obligation to have the capacity to offer free and frank advice to successive governments.

Beyond the Cabinet Manual I should say it is a huge credit to Parliamentarians on both sides of the House that they fundamentally get the trade-offs that stewardship requires.

They changed the State Sector Act with bipartisan support. They revise and traditionally adopt the Cabinet Manual when they come to Government. And in my experience they mainly respect rigorous advice – even when it leads to uncomfortable recommendations.

Stewardship and the Policy Project

Some of you may have heard my recent speeches as Head of the Policy Profession – the HoPP. They deal a lot in matters of stewardship and are available on the [Policy Project website](#).

I see my HoPP role as all about stewardship. As steward of the policy system I am charged with ensuring consistent improvements in policy quality and capability over time. Indeed the subtitle of the Policy Project is “responsive today, shaping tomorrow”.

We should be responsive to our customers – ministers as the customers of policy advice and New Zealanders as the customers of government policies and services.

But that doesn’t just mean reacting to immediate demands or presenting problems and interests. We also need to help shape policy debates and design policies and programmes to improve the long-term wellbeing of NZ and New Zealanders.

And that means anticipating future issues, seizing opportunities and proactively offering advice on the issues we think matter the most.

Last year the then Prime Minister and I launched three foundation policy improvement frameworks, each of which emphasises free and frank advice and the need for stewardship or longer-term thinking:

The [Policy Capability Framework](#) sets out the key components of a high-performing policy shop, with ‘lines of inquiry’ related to ‘stewardship’ centred on the key question “How well do we focus on policy outcomes and build capability for the future?”

Supplementary questions include: How does the agency shape and influence the broader policy agenda and engage others in that vision (including other agencies and sectors)? To what extent do policy leaders demonstrate the importance of visioning, exploration and debate about emerging strategic issues?

The [Policy Quality Framework](#) describes the characteristics of quality policy advice, including the necessity of putting advice into the context of the desired future state and related risks, opportunities and implications for different stakeholders

The [Policy Skills Framework](#) sets out the knowledge, applied skills and behaviours required of policy practitioners, including the incorporation of longer-term and broad system perspectives in policy.

We are working to embed those frameworks – which were co-designed with the policy community – into the fabric of all policy departments and their staff. It is my expectation as HoPP that agencies will do just that. We are seeing promising progress.

At the launch of the Policy Project frameworks, the former Prime Minister reflected on what he valued in policy advice. He talked about the inclusion of longer-term perspectives in both the ‘supply

side' and the 'demand side' of free and frank advice. If you haven't read his speech I commend it to you (available on the Policy Project website).

We already have some good examples of system stewardship. I would note the way Treasury maintained its expertise in superannuation settings even when there was no current appetite for advice on that subject. Or the way the Ministry of Social Development was able to step up quickly with deep expertise when the Government sought urgent advice on child poverty after the 2014 election.

We've also made some system-wide progress in the regulatory space. Initial Expectations for Regulatory Stewardship were agreed in 2013 and regulatory departments now prepare regulatory management strategies which will be co-ordinated into an overall system view (supported by the Treasury). It is far too easy to let regulatory regimes fall into disrepair. This new work should help prevent that from happening.

So we have some good building blocks in place. But my great fear as Head of the Policy Profession is that the policy community rests on its laurels. That we take too much comfort in modest successes. Or that we under-estimate how hard it is to be on the cutting edge of policy reform.

Work on social investment is a case in point. Let me say upfront that I think the current work programme on social investment represents one of the most exciting developments in public policy in recent years. Internationally.

But like all trendy ideas we need to guard against social investment just becoming the new black.

Doing it right requires investing time and resources in collecting and cleaning data, in building information systems, learning and coming to grips with unfamiliar analytical frameworks, and of course accumulating and using relationship capital.

I can tell a similar story about the policy community's efforts to build citizen-focused approaches. As a concept it slips off the tongue pretty easily. But to do it right is a hugely disruptive thing. The specific needs of disadvantaged families and individual citizens do not, as a rule, fit easily into the well-honed processes of government departments who have to serve whole populations.

Making traction on these tricky problems will frequently disrupt 'the way we do things around here'. So policy people need to be connected to front line practitioners and prepared to take on the inertia of the system.

We need to be trying new things and building new capabilities. We need to get better at looking with insight into the future.

Kingi Tawhiao Potatau te Wherowhero, the second Māori King, who governed during a particularly turbulent time [1860–1894], when speaking about the importance of leadership,

said 'Ki te kahore he whakakitenga ka ngaro te iwi' – without foresight or vision the people will be lost.

There is a fledgling, strategic foresight / futures community of practice in the public service. I commend them and Andrew Jackson from the Ministry of Transport in particular for helping to build capability and understanding of futures methods.

I think it is a great time to be working in policy. The Policy Project, in conjunction with policy leaders across government will provide a forum for sharing experiences and insights.

Do get involved!

Anticipating and Managing Risk

The third area of focus for me, and a slight change in tack from the previous two stewardship challenges, is our security system, where we're confronted with a number of complex, sometimes intersecting, national security imperatives.

Our definition of national security is 'the condition that permits the citizens of a state to go about their daily business confidently, free from fear and able to make the most of opportunities to advance their way of life'.

This is a broad ambit – and indeed, we take an 'all hazards, all risks' approach, which includes everything from terrorism to armed conflict, from earthquakes to pandemics.

The Prime Minister sits at the top of the national security system, as the Prime Minister obviously, but also as Minister for National Security and Intelligence, and chair of the National Security Cabinet Committee.

I lead the quite weighty officials' process that coordinates action in the national security system, known as ODESC – the Officials' Committee for Domestic and External Security Coordination

Perhaps the essence of the stewardship challenge in national security is that we know that we don't know everything. Despite our best efforts to evaluate and manage risk today, something new and unexpected might manifest tomorrow.

Or, maybe worse, something we recognise today – or should have recognised – but didn't have sufficient bandwidth to pay attention to or that was driven out by higher priorities.

Across the ODESC system we are trying to build more rigorous systems for identifying and managing risk. To be clear which agency is in the lead with each risk – and their priority risk mitigations. We are working to become more effective governors of risk.

Analysing individual risks is a prerequisite but not a sufficient task. By both necessity and design we need to build versatile response systems that can adapt to whatever risk materialises. Agencies need

to be able to work together under a common framework that is broadly agnostic about the specific hazard, risk or threat.

Of course Government is only one player in risk management, albeit a pretty important one. All of New Zealand has a role – and a stake – in preserving our national security. In understanding risks therefore, it makes sense to engage with all of those who can help construct that understanding – including the private sector, non-governmental organisations, the academic and scientific communities.

Recognising this we have been slowly and deliberately moving to be more open about our national security systems. It is much easier to engage with people who know you exist.

When I started in my current job, our standard practice was never to mention ODESC – to follow the “no comment on national security matters” rule well beyond where it made any practical sense. This approach certainly didn’t help build trust and confidence in the intelligence agencies for example.

We now have a New Zealand Intelligence Community website. The Inspector General of Intelligence and Security comes with a beefed up office and a regular programme of publications.

And you can even go to the DPMC website and read the ODESC Handbook, a user guide to help build understanding of the system. It was written mostly with government officials in mind, as a resource that they could consult before and during engagement with the national security system.

But we deliberately wrote it with the intention of releasing it publicly. Because it’s not a secret that NZ has a national security framework. We think that the public would be reassured rather than otherwise if they could find out something about how the framework works. I would even suggest it’s a good read if you are interested in stewardship and risk.

You can also see this approach in the way the Minister of Civil Defence – Gerry Brownlee is approaching the pending review of civil defence responses. He has reached out to members of Parliament from across the House with a view to incorporating their feedback early and openly in the process.

Concluding Themes

So in closing let me draw out a few themes.

The first and arguably most over-arching is that institutions matter – they shape political and community culture. They need to be constantly attended to.

When it comes to stewardship the institution of the public service has a unique and critical role. As a senior public servant I, along with my colleagues, have a responsibility to strengthen it, to attend to its foundations and to ensure it maintains a reputation for integrity and competence from which so much of its value and influence flows.

Within the public service I have highlighted the importance of the policy and national security communities. Both these groups are on a journey to develop their ability to look forward and anticipate the needs of tomorrow. To face uncertainty and adapt and act, rather than blink and stall.

Both these groups are recognising the importance of listening to more voices, to NGOs, business and citizens, to a wider range of perspectives beyond the usual suspects.

The longer the horizon, the more complex the conundrum, the less likely the public service is to find the answers or be able to deliver the solutions on its own – indeed to even ask the right questions.

Speaking of alternative voices I want to acknowledge Jonathan Boston here for his work on Anticipatory Governance – Jonathan sets out a wealth of options for us to build institutions and practices to ‘safeguard the future’. I look forward to getting my teeth into his books to be launched later today. Thank you Jonathan for tirelessly poking us to do better.

As practitioners and advisors we need to always understand we work in a political context. Stewardship must be supported by politicians – in many respects led by politicians.

And contrary to popular misconceptions I think political culture in NZ has, in general, served us well.

For the most part we see bi-partisan support for stewardship oriented legislation such as the Public Finance and State Sector Acts. And for our constitutional foundations – such as the way new Cabinets adopt the Cabinet manual and carry on the business of government.

In that context I celebrate this week the passing of the Intelligence and Security Bill through its third reading with widespread, if not unanimous support from across the House.

So by way of one final remark let me finish where I began and note there is no end of challenges, some presenting today, some lurking on the horizon. Challenges that can only be tackled with a deep and joined up effort, with a focus on the long term as well as the present, with a sense of stewardship.

Thank you for listening to me this morning. I look forward to the discussion.