

Speech to the VUW Symposium on Intergenerational Governance 23/03/17

Good morning everyone.

Can I say what a pleasure it is to be here with you to open the Victoria University Wellington Symposium on Improving Intergenerational Governance.

I would like to acknowledge the organisers for their efforts in bringing it all together.

It is a really important topic and one that has got me thinking a lot over the past week or two.

I looked through the bios of the guests scheduled to speak today and there's a really impressive group before you.

I think it's going to be an interesting symposium and I'm really interested in what you get out of it.

Putting my State Services and Climate Change hats on, I'd like to take the chance to acknowledge that we've got two of my Chief Executives speaking, State Services Commissioner Peter Hughes and Ministry for the Environment Chief Executive Vicky Robertson.

I think their contributions should be really interesting, speaking from the government's perspective of how you do some of these things.

I'd also like to acknowledge Dr Judy Lawrence who is chairing a session on sustainable development.

Judy is a co-chair of the Adaption Technical Working Group that I established last year to report on how New Zealand can best adapt to the effects of climate change.

Judy will know more about how we're thinking long term on those particularly gnarly issues, I hope you really get something out of that.

Before I move on to some more substantial comments can I acknowledge you Jonathan for your work which has brought us all together today with the launch of your two books.

I did just have a read of snippets over the last week but I read somewhere that your hope is that you write these books so that someone could read them in a weekend.

So I looked first at the size of the font, because I noticed the book is a small book so psychologically you think "Oh yes that's an easy read" but then I thought "No I definitely need glasses on to read that font".

But I do think that you've certainly, as always, given us a nice challenging issue to think about.

If nothing else, I really do acknowledge the debate and the work that you've put in for that, and just how important this is that we do knock it around.

You do continue to challenge us as a government.

I've got to say I personally really love the stimulus of the conversation between academia and government, and that policy thinking.

It's the work I love the most, outside of the people that I meet, it's the policy work stuff.

I think that knowledge and deep thinking that comes from academia and how we transition that into government being able to use it, and use the challenge of it, is something that we don't do enough of in New Zealand.

I've always found it slightly ironic as a Minister that I have more to do with academics overseas when I travel than I do when with academics in New Zealand.

I think that it is about that challenge of ideas and debate and how we actually think long term and intergenerationally.

I think part of the blame is on the feeling that we're at risk of debating something and it makes the front page of the paper the next day, so you can't have the genuine debate about the issues.

I love being held to account, but you can't debate and have that freedom of expression in your own country as you can overseas when you can really sometimes get to it.

I do think that we have an ongoing debate about the OIA and what that means.

Sometimes you are wanting completely free and frank advice on things that you might not like, and on things that you can't even implement tomorrow but you might want to longer term.

It's that balance.

It is risky because the next thing you've got headlines where things have been taken out of context.

At no point is it about not being held to account and transparency.

In fact I am the staunchest advocate for that, as I should be in my role as State Services Minister in open and transparent government.

But we've equally got to be able to debate ideas and do it in a healthy and wholesome way with some of the best brains we have in this country, a lot of whom I think sit within the public service.

I'm not sure we get to have that wholesome debate because of the headlines that can generate the next day, we have to backtrack at 100 miles an hour because

it's taken out of context and it scares the public, and we head down a path that perhaps is not always healthy.

I hope we continue to have that debate as to how we get that good juxtaposition of being able to debate good, complex issues of which there are not easy answers to, while also remaining transparent and open but having closed environments where we can have open discussions as well.

I'm going to speak for about ten minutes and hopefully I can take some questions.

I wanted to touch briefly on some of the interesting propositions from Jonathan, then talk a little bit about what we are doing in that long term thinking.

I agree that in a democracy like New Zealand where we have regular elections and three year terms, short termism is something we all need to be conscious of.

While you could argue it weakens good long term governance, you could also argue that a government that responds quickly to the mood of the national is perhaps a feature, and not a flaw, of its democratic system.

I have to acknowledge Jonathan that absolute situation we're in most days, when you look at just what's happened this week alone, we're constantly in that position of what's happening in the here and now, as well as thinking longer term how we respond to that.

But we've got a system which asks voters to evaluate governments regularly.

One which encourages accountability and responsible government.

As an aside, my personal opinion is that the parliamentary term is too short.

I say that with caution because I know it can be seen from politicians as self-serving, but as someone that literally lives the cycle, I don't think it serves the New Zealand public as well as it should.

Forget parliamentarians, it actually doesn't suit the public as well as it should.

That's particularly at the beginning of a new government.

It takes you year to work out how the system works and your way through it.

You might then have a year to start really doing the heavy policy lifting and get the work underway.

Then you're in election year and the focus changes.

It gets easier and you get a bit longer in your third term as you get used to it but as you point out portfolios change and in that context there is something in that discussion.

I encourage you to continue in that way and a few of us will be cheering from behind and wishing a lot of luck.

No matter the length, voters evaluating and choosing a government is something we should give some weighting to when considering the balance between short term and long term governance.

The ability to stay in tune with the public and give meaning to their voice is absolutely crucial to a well functioning democracy.

It's also especially important in a democracy like ours where the parliament is sovereign and has the final say over all of our laws.

If we are to encourage long term policy making, I think the best and most effective way is to foster a society that values long term governance.

If voters demand a future focused government, in New Zealand at least, that's what they'll get.

Except of course voters want it all.

They like that we care about their children's children, they like that we're thinking long term about the environment and the planet, but then they don't think much beyond the here and now and how our decisions, and probably more correctly our spending, actually effects the lives they're currently living.

I acknowledge the argument that we can be somewhat focused on the short term, that uncertainty about the future makes decision making difficult, but I'm not convinced that means that we can't be, and that we aren't, future focused in many ways.

Professor Boston points to some common examples of short termism that I think actually highlights some ways in which the government holds a long term focus.

He talks about how a short term focus can lead to spending more and taxing less and relying on debt, shifting the burden to future generations.

I think that if our current Prime Minister is known for anything in his former role as Finance Minister, it's his relentless focus on improving the long term outlook of the New Zealand economy.

Following the global financial crisis, we tightened spending, broadened the tax base, and yes, took on more debt, but always with an eye to making sure that debt reduction was front and centre in any economic debate.

In fact it's safe to say that now we have consensus across political parties that paying down debt is one of, if not the, top economic priority of any government.

Yes, the how and how fast are important debates to have, but it stands as an example of how a long term focus can become a priority of the governing party, accepted by the public, and adopted by consensus.

There's also the example of investment in long term infrastructure and disaster prevention being at risk of short termism.

Again on both counts I think this government is taking a long term view.

It's been challenging, and that's not to say there's not room for improvement, but for example our National Infrastructure Unit has a fifty year objective to coordinate New Zealand's infrastructure with population growth and increased quality of life.

We have for the very first time in treasury 30 year infrastructure plans.

And it would be hard to argue that any other country in the world right now is more focused on long term disaster response, resilience and preparedness that New Zealand is.

What I'm heading towards is that while I agree with the premise that long term governance is important, and mechanisms to get there is a really interesting and challenging discussion to have, but in many areas we are already in that space.

The public are almost locked into that present, but we're increasingly thinking about the long term impacts of policy.

It is that challenge of how to deal with the now and think much longer term.

You've got the State Services Commissioner, and I would suggest you challenge him because there's a lot of talk within the public service about how to earmark actual areas and there policy units that are just doing that longer term thinking.

In my two years as State Services Minister we've been talking about those different units thinking longer term.

Certainly Andrew Kibblewhite is absolutely the biggest policy wonk and obsessed with how we think longer term.

It's probably something better for the Commissioner to go into but I would say that within the public service they have recognised they can get swamped in the day to day work, so they are more and more looking at how they have specific groups that can do a lot more of the long term thinking.

I can't help but point to some of the things like water quality standard targets out to 2040, predator-free New Zealand going out to 2050, to see some of those long term goals.

There's the 2030 Paris Agreement of that first milestone of us getting there with emissions reductions, and just this week we've seen Vivid Economics work which is cross party and takes us out to 2050.

And most of the work we're doing in climate change is at that 2050 date and beyond, although that 2030 Paris target is looming very closely and very expensively for us.

Those are just a few examples.

I can't help but talk about social investment.

For me it is the most important part of you demonstrate long term thinking.

It directly takes that long term outlook where you take a risk now by looking at risk factors where intergenerational change might happen.

Some of you have heard me talk about this over many years, but it stems right back to my time as Social Development Minister and seeing the work that needed to be done there.

I could see it intergenerationally, those that were stuck on welfare and couldn't see a future off it.

I could see babies being born into households where their hope of staying out jail, being educated, healthy and living good lives were statistically so much lower than their counterparts.

It absolutely terrifies me.

We always knew that looking after the child and parent well now will lead to better results when that child's an adult, that's logical.

Get them vaccinated, raise them in a loving household, make sure the school is responsive to their needs, get them access to a GP, have a safe environment, help them deal with trauma as life experiences come along, and there's the adult that thrives and lives a good life.

That's hardly rocket science.

We did bits within that with our universal services and others.

But as much as we knew that, we couldn't get focused either as politicians or officials, on what that long term result might be because we couldn't see how we could evaluate the differences of what we did now for what that might mean in 20, 30 years time.

If social investment gives us anything it gives us the chance to step back and take a much longer term view.

When you looked at the welfare valuation it is over a lifetime.

It took the lifetime of the current people that we on welfare and when you got that big number of \$78 billion it means not only do people sit up a bit more and think maybe we should be making changes now that might effect that liability in 20, 30 years time.

Equally though, and most importantly what it did was show the cost.

Even though cost was never what drove me or what was interesting, it showed us that we were spending now in the wrong places.

That the difference in how you spend now will change generations to come.

We found from the discretionary spending, the money we spend on training and CVs, we were spending over 80% of then \$180 million on 5% of the liability.

We weren't spending it on teen mums, we weren't spending it on solo parents, we weren't spending it on those with disabilities.

We were spending it on those that were unemployed, and short term the public expected us to get them off the dole.

Because that's short term thinking, yet what the long term liability and us being able to think intergenerationally meant was that actually they were the group that were most likely to go off without intervention.

They were the group we should spend less on.

But the public had an expectation and in fact we thought politically it was the right thing to be doing, it had been happening for decades across governments.

So, we actually went and changed all of that.

We actually reduced our spend on them considerably and unsurprisingly they still went off at the same kind of numbers they always had.

Because the spend actually for them didn't make a big difference.

But man has it made a difference for our teen mums and for our sole parents.

We just shifted it completely.

We shifted our focus, we shifted our spend, we shifted our investment into looking at those who are most likely to be on benefit the longest, most likely to have their children young, and be stuck in that generation of welfare dependence.

And not without controversy says she who was in the eye of that storm.

But I stand here today and say there are 57% fewer teen mums on welfare now than there were in 2009.

And actually that's because we started thinking intergenerationally, investing where it needed to be invested, and change the whole outlook as to what we did.

That's one reason, there's three good reasons why the number of teen pregnancies have dropped being education and health, but welfare was the third reason.

For that, you can see that it is all about those babies who are still likely to be born, but are going to be born to parents who are older, better educated, have

had some time to mature and parent better, and every bit of evidence pointed to that.

It's not that we don't want babies, we just want them being born into a house where they will be able to thrive the most.

That's intergenerational thinking, and it hadn't happened before and it wouldn't have happened if we hadn't done welfare liability and social investment.

Now we are absolutely putting eggs in the baskets across government.

We know through the integrated data infrastructure who those children are that are most likely to end up in our judicial system in the future, do poorly in education and have poor health outcomes.

With all respect I was telling you that in 2009, I remember being at another symposium and talking about that and the struggles of knowing the 1000 six-year-olds that are likely to end up in jail.

The difference being at that point we literally had gone through 200,000 CYF case files, pulled out common language, and now we're far more sophisticated.

What we did was we made that much more robust and sophisticated.

I think we're on the precipice of some really significant and interesting change within the public service and within New Zealand as to how we really spend, and how we identify those who need it most and intervene.

The challenges and debates that I think we should be having right now is what are those interventions?

How do we do it in a positive way?

How do we make sure children who are identified don't have unintended consequences?

This is not without controversy, but that's the debate well worth having, that has long term governance that thinks beyond the here and now.

To be really honest, we could do our evaluations, we could change the programmes we think are not working and readjust them, but we're actually not really going to know the results for 20 to 30 years.

I look at Bill English every now and then and I say to him "You and I in 30 years time are going to look back and see that generation as adults and know whether or not everything that we're doing now has worked".

I have complete faith that we will be sitting there and be proud of the work that's gone on in the public service and in wider society.

I encourage this debate.

I'm not going to stand here and tell you that I think it's all long term thinking and that we're perfect, because we're not.

And there are times when I go I have to pick two or three that I can really work on long term because the daily expectation of the public is there.

I think you'll find the public service today will have an interesting debate with you and I look forward to continuing it.