Better Public Services
The Case for Monitoring and Evaluation

The recent release of ten result areas with associated performance indicators as a way of focusing and enhancing government services means that at some point in the future it will be necessary to check whether or not those results are being or have been achieved. It is timely, therefore, to review whether and how New Zealand government agencies monitor progress towards desired outcomes and evaluate key policies and programmes. In this article we consider the important role of monitoring and evaluation in achieving ‘better public services’, and how New Zealand needs to do better if we are to be sure we are achieving key outcomes and learning about what does and does not work to achieve these outcomes.

Results/outcomes in New Zealand public management
In an ideal world New Zealand would have a mechanism for achieving consensus about what its citizens want for the future with regard to the big issues, such as sustainable population size, economic growth, the environment, and ongoing social welfare support. These would then be our desired long-term national outcomes. However, achieving agreement, and balancing competing priorities between, for example, sustainability and economic growth, will require delicate and strategic negotiating processes. New Zealand’s current party-based adversarial system of national governance coupled with a short electoral cycle is unlikely to achieve either agreed long-term objectives for the future or a strategy for achieving them. However, within the restrictions of the less-than-ideal world under which we operate today, there is an urgent need to clarify what we want to achieve (outcomes/results), and to identify how we will know when we get...
Outcomes are described in the 2001 Review of the Centre as ‘the overall results we are trying to achieve’ (Advisory Group on the Review of the Centre, 2001, p.23), and there seems to be a general acceptance that this can be interpreted as an improvement in the well-being of the nation and its peoples. Outcomes, impacts and outputs are defined from a government perspective in the Public Finance Act 1989 and the Public Finance Amendment Act 2004, section 5. Outcomes are ‘the state or condition of society, the economy, or the environment’ or changes in that state. Impacts are ‘the contribution made to an outcome by a specified set of outputs, or actions, or of indicators of the state of society’ (ibid., p.16).

Following a decision by Cabinet to change the public management system to improve the state sector’s ability to (a) decide what evaluative activity to undertake, (b) undertake it, and (c) use the findings, guidance documents were published by the central agencies (e.g. Steering Group for the Managing for Outcomes Roll-out, 2003b; State Services Commission, 2003; Treasury, 2003). Some agencies created units and strategies to increase and improve evaluative activities, such as the Social Policy, Evaluation and Research unit in the Ministry of Social Policy and the Ministry of Education Evaluation Group on the Review of the Centre, 2001, p.10). The BPS report can be seen, in part, as a natural extension of the earlier focus in New Zealand on MFO and of the Review of the Centre. The latter advocates that the state sector gear up ‘to more actively focus on and deliver better results to New Zealanders, particularly on the complex, long-term issues that cross agency boundaries’ (Advisory Group on the Review of the Centre, 2001, p.10).

The BPS report includes examples of results that appear to include a mix of outcomes, impacts and outputs, with the report suggesting that the final set chosen be a small number of measurable sector-wide areas, agreed by ministers. The report includes some immediate steps and a view of how key sectors will operate by mid-2013. Chief executives are to be mandated to deliver these results, and to organise themselves in ways that best enable them to do so. Changes to both the State Sector Act 1988 and the Public Finance Act 1989 are also suggested to enable greater organisational and financial flexibility in the state sector. An example is the justice sector funding pool recently announced by the justice minister (Collins, 2012).

Key changes envisaged in the BPS report include:

• identifying a small number of top priorities, with sector-wide ministerial and public sector agency leadership and planning, and new financial, policy and organisational arrangements to support achievement in key areas;
measurable results, with information on the agreed results and progress towards them made public, including evaluation of change;

- increased involvement of citizens and businesses in state services, including through more streamlined technology services;

- making more active purchasing decisions, i.e. which organisations are the best placed to deliver key services, through enhanced contracting where necessary;

- developing a stronger innovation and continuous improvement culture;

- reducing duplication and consolidating key activities through better leadership, tailored reporting requirements, and the development of policy hubs, as well as taking advantage of potential economies of scale in regional, front-line offices, streamlining of agencies, and changes in back-office operations.

The government’s ten results
The government subsequently selected ten key results (Key, 2012), and has recently provided additional information around the actual targets to be achieved over the next five years (Key and English, 2012).

The ten results fall under five themes, of which two could be seen as outcomes in the definition above: boosting skills and employment, and reducing crime. The other three themes – reducing long-term welfare dependency, supporting vulnerable children and improving interaction with government – are surely short-term tactics for achieving some outcome (such as improved economic independence and improved well-being). Ten specific results are listed under the themes. Not all of these have an outcome focus, and some are clearly outputs (for example, the provision of a one-stop online shop for all government advice and support for businesses).

The Better Public Services approach
The Better Public Services Advisory Group and the government are to be commended for their focus on results and the identification of key priorities for government agencies over the next few years. Key results can focus public sector activity, and encourage government agencies to pay particular attention to key outcomes as opposed to the more specific outputs to which attention has been diverted over the past decade. Setting key targets and rewarding performance for achieving those targets can also lead to improved performance. But there are also risks: too tight a focus on specific areas can lead to deteriorating performance in other important areas; target levels themselves need to be set carefully, taking into account the likely costs and benefits of achieving them; and targets need to be defined in ways that do not create worse outcomes for some groups or perverse incentives, or which can be achieved more easily through, for example, redefining key criteria. In the current set of results areas, of most concern will be the focus on ‘reducing the number of people on a long-term benefit’, as opposed to, for example, ‘moving people from long-term benefits into meaningful employment’. In addition, the lack of focus to date on the key sub-population groups and monitoring of trends for such groups (such as Māori and Pacific peoples) is of concern where significant inequalities in outcomes continue to exist in New Zealand.

Monitoring and evaluation are both essential means of measuring progress towards achieving outcomes, impacts and outputs, and of assessing the actual performance of policies or individual programmes – comparing the actual outcomes with those intended. Although some further information is beginning to be released on key measures and monitoring of progress towards achieving results, and the State Services Commission has noted the need for government agencies to improve ‘how they measure and report on performance’ (State Services Commission, 2012b), both monitoring and evaluation need significantly increased recognition in implementing the BPS approach. Unfortunately, however, New Zealand faces key challenges in improving how well it both monitors and evaluates public policy achievements. We discuss each in turn below.

Monitoring
Regardless of whether results are outcomes, impacts or outputs, we need ways of measuring them. Monitoring occurs at two levels. It is the term given to the measurement of changes in national indicators (such as inflation, life expectancy, education participation and crime rates) or policy- and programme-specific indicators of progress towards desired outcomes. It is also used to measure achievement of milestones; for example, in contracts. This article is concerned only with the first interpretation. As described

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by Ryan (2011), this level of monitoring involves the collection and analysis of descriptive evidence or indicators which, when classified and analysed, provide information about the degree of progress towards the desired outcomes. In addition to the lack of consensus about New Zealand’s desired overarching outcomes, there is also debate about the right suite of measures that could be used to monitor these. However, there has been substantial work both nationally and internationally in developing indicators of progress, and it is puzzling that, as part of BPS, New Zealand has not adopted these, (Gleisner et al., 2011). Both can be viewed as indicators for monitoring the state of the nation, but taking different perspectives. There has also recently been a groundswell of possible indicators for measuring well-being (e.g. Smith, 2011), and, as Frijters (2012) states, we now have ‘competing indices of happiness’.

The current government has largely chosen to develop a new set of lower-level results indicators through the BPS approach, rather than drawing on those already developed where agreed and internationally-comparable definitions may exist. Moreover, there are several not being holistic, for including non-referenced data, and in some cases for possibly being unrealistic (e.g. reducing the numbers of long-term working-age beneficiaries, and reducing rheumatic fever rates by two thirds). That said, it is hoped that they will function as a first step from which New Zealand will learn the habit of results-based management and the monitoring and evaluation activities that must then necessarily flow, and lead to more comprehensive sets of monitoring indicators subsequently being developed over time.

In the past, governments have relied heavily on academics and other researchers to provide monitoring. An example followed the 1991 benefit cuts when a group of external researchers (Charles Waldegrave, Paul Frater and Bob Stevens) took it upon themselves to establish the New Zealand Poverty Measurement Project to evaluate the impact of the cuts on various groups in society (Stevens, 2012). It is a huge step in the right direction that BPS has developed and published performance indicators for the ten results. However, it is doubtful that the state sector will itself have sufficient capability to properly evaluate and interpret these. If it does not, government will need to resource the independent research groups that have provided this service in the past.

Gluckman (2011) has previously drawn attention to the need for clear monitoring and evaluation of key policies and programmes in New Zealand, and to a lack of capability in the state sector to achieve these tasks. Statistical capability is one aspect of what is required, and recent events illustrate the point. For example, consultation by Statistics New Zealand with statisticians and policy managers in 12 agencies in 2008 (subsequently endorsed by state sector chief executives) and consultation undertaken by the School of Government at Victoria University have identified variable or insufficient statistical skills in some agencies (Forbes, 2008, 2011). Through his statutory coordination role for official statistics, the government statistician has undertaken to raise the statistical capability of state sector employees through investment in a joint academic position in the School of Government and the collaborative

additional major issues that need addressing:
• whether we currently have the right information/indicators to measure progress towards our desired outcomes (or results);
• whether we have adequate mechanisms for differentiating the accountability and performance of chief executives from the many other external factors that may influence outcomes (although it should be possible at least to identify actions or interventions that have a negative impact); and
• whether the state sector currently has sufficient quantitative and analytical skills to create, interpret and use monitoring information in its provision of policy advice, or to adequately incorporate this in its current information and reporting systems, which ‘are largely focused on processes, activities and outputs’ (Ryan, 2011, p.449).

The targets currently set for the ten results over the next five years (State Services Commission, 2012a) can be criticised for substituting instead the lower-level targets and indicators that have been announced.

For example, for many years there has been a suite of often internationally-agreed indicators for measuring the national economy, such as the consumer price index, the System of National Accounts (gross domestic product or GDP) and International Labour Organization-defined measures of the labour force (employment, unemployment and underemployment). There has been recent criticism of the coverage of these, suggesting the need for a more comprehensive set of measures of different aspects of the economy, including well-being (Stiglitz, Sen and Fitoussi, 2009). There is less international agreement on a suite on national indicators for measuring social progress, however; possibly, in part, because of the lack of consensus on desired outcomes. There are, however, both more and new forms of information available to measure progress. Two examples are the sustainability indicators produced by Statistics New Zealand (2008) and Treasury’s Living Standards Framework.
development with academics of a suite of training opportunities. These include a National Certificate in Official Statistics for state sector employees that has so far had over 100 enrolments from 22 agencies (Forbes, 2011), and a postgraduate course in official statistics which uses advanced video-conferencing with teaching staff and 29 students at five New Zealand universities. In its first year (2011) this course was a joint winner of the Best Cooperative Project in Statistical Literacy award from the International Statistical Literacy Project (Harraway and Forbes, 2012). These initiatives illustrate what is needed and how it might be achieved. Academic–practitioner research partnerships as suggested by Orr and Bennett (2012) are another way of increasing expertise. Ryan (2003) proposes other possible pathways. Our overall point, however, is that major efforts are needed to build monitoring and evaluation capability in New Zealand and that a range of strategies must be initiated – as soon as possible – for doing so.

It could be debated whether the government should expect sophisticated analysis and research from public servants or whether it should just rely on them to be able to interpret the research and statistical results. In either case, public sector advisers will need to have quantitative and statistical literacy skills (as described by Wild and Pfannkuch, 1999) as well as other analytical capabilities to be able to appropriately judge the quality and robustness of data that they are presented with.

**Evaluation**

Evaluation is the ‘systematic assessment of the operation and/or the outcomes of a programme or policy’ (Weiss, 1998, p.4). Evaluation builds on regular monitoring of key indicators by seeking to explain actual outcomes and to enable judgements to be made about the effectiveness of key policies or programmes (Ryan, 2011). It is an essential means of learning how policies or programmes are being implemented, identifying where improvements are needed, ensuring that the policies or programmes in which we have invested are achieving desired outcomes, and of holding particular organisations (or groups of organisations) to account for achieving outcomes. It is also an essential means of identifying which particular programmes or components of programmes are associated with improved outcomes. Evaluations may be undertaken to support decisions about the future of particular policies or programmes (e.g. whether to continue, expand or terminate them) (‘summative evaluation’) and/or to improve them (‘formative evaluation’) (Scriven, 1991). Evaluations may equally focus on how policies or programmes are being implemented (‘process evaluation’) and/or the outcomes achieved (‘outcome evaluation’) (Chen, 2005).

The extent of evaluation undertaken ‘pull’ factors for outcome and evaluation information. Much attention in New Zealand is therefore focused on reporting and accountability for outputs – i.e. for organisational management purposes, rather than for policy management purposes. Ryan points to an overall lack of an evaluative culture in public policy and public management in New Zealand, but notes that in part this stems from the adversarial nature of party politics in New Zealand, where evaluation and outcome information is more often than not used by opposition members to attack the government, rather than it

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**New Zealand has needed to improve its monitoring and evaluation for many years, and the current focus on achieving results provides an excellent opportunity to bolster our focus on these important tasks.**

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the development of new indicators and data sources to monitor progress over time. Such indicators must be carefully thought through to ensure they take into account agreed current trends against projected changes in the population size and mix, and should also include measures to monitor progress for particular population groups;

- regular public reporting on progress; and

- a clear budget for and responsibility for formal evaluations that will assess both service delivery processes and outcomes. Such evaluations must be well enough resourced to focus on services and run for long enough for substantial findings to be able to be finalised, and such evaluations (including progress reports) must be made public.

Essential to ensuring these evaluations are high quality are questions that enable us to identify which services work for which populations under which circumstances, with a particular emphasis on how well services work for key target population groups (e.g. Māori, Pacific and low-income groups).

This is likely to require some reorganisation of existing evaluative capacity, with lead evaluators involved in the change process from the very beginning. It is likely that this will identify a serious lack of capacity and capability in major policy and programme evaluations in New Zealand, and further work will be needed to build such capacity and capability over time. Government agencies will likely find it useful to work with universities to upscale monitoring and evaluation capacity and capability.

The new public management suggested by the Better Public Services report also needs ongoing monitoring and evaluation itself. Earlier desired public management reforms that have sought an increased focus on outcomes and results have not always generated the changes desired, but careful monitoring and evaluation should enable us not only to assess progress but also to learn what works well with the new approach and what does not. There will be significant international interest in the new models of public sector organisation envisaged in the BPS report, and an overarching formal research and evaluation agenda that sits alongside monitoring and evaluation will enable us to contribute to international public policy and management knowledge and learning.

Conclusions

The BPS report contains many excellent features, such as the provision of sector-wide funding and recognition of the need for horizontal, sectoral management and leadership, and does go some way towards clarifying results that ministers and chief executives will be measured against. At present the approach is limited by the lack of a process for determining whether these are the desired outcomes for the nation, by limitations in the performance indicators chosen to measure these results, by present performance measurement processes, and by the current capability gaps in the state sector. Moreover, apart from general hints offered in the advisory group’s report, there seems to be no explicit intention in the New Zealand public sector at present to deal with these issues or understanding of the urgent need to significantly increase the quantity and quality of evaluative activities in this country. Addressing this absence should be one of the next steps in the BPS public management development process.

References


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