

# Interagency Performance Targets: A Case Study of New Zealand's Results Programme

By Dr. Rodney Scott and Ross Boyd

Around the world, governments divide their operations into smaller administrative units (also known as agencies). Each agency has a narrower focus and is therefore thought to be easier to manage. However, some problems cross boundaries and addressing them requires agencies to work together. Most governments struggle to do this effectively. That's why New Zealand is a pertinent case study for exploring this phenomenon, as it has a large number of single-purpose agencies which have historically found it difficult to effectively collaborate.

Governments also look for different ways to improve the performance of each agency. Performance targets have been shown to be effective at improving performance in a variety of contexts. However, they are also criticized for promoting siloed working and discouraging cooperation with others. Helping others often doesn't help achieve an agency's own targets; as a result, agencies respond by turning inward.

In 2012, the New Zealand government tried something new. The aftereffects of the 2008 global financial crisis constrained spending and New Zealand's government needed to find ways to make public services more effective without spending more money. Government leaders were frustrated by persistent cross-agency problems, and they wanted to push public servants to actively and creatively overcome the challenges of collaboration.

The New Zealand government created a system of interagency performance targets. Ministers chose ten crosscutting problems that were important to New Zealanders, each with challenging five-year targets. Crucially, they then held the leaders of relevant agencies collectively responsible for achieving those targets. It has been described as the most significant change to how government services were delivered in New Zealand in twenty years.

The changes that the government was looking for became known as the 10 Results:

- Reduce the number of people continuously receiving Jobseeker Support benefits for more than twelve months
- Increase participation in early childhood education
- Increase infant immunisation rates and reduce the incidence of rheumatic fever
- Reduce the number of assaults on children
- Increase the proportion of eighteen-year-olds with high school diploma or equivalent qualification
- Increase the proportion of twenty-five to thirty-four-year-olds with advanced trade qualifications, diplomas, and degrees
- Reduce the rates of total crime, violent crime, and youth crime
- Reduce the criminal reoffending rate
- New Zealand businesses have a one-stop online shop for all government advice and support they need to run and grow their business
- New Zealanders can complete their transactions with government easily in a digital environment

The original targets would be achieved by 2017, with progress reported publicly every six months. This new approach proved remarkably successful, with dramatic improvements in all ten areas. Several evaluations revealed that the successful design features, management innovations, and adaptations came from the public servants responsible for achieving the targets.

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This report describes these practice insights which are organized into four categories:

- Selecting results
- Designing accountability
- Managing collaboration
- Reporting on progress

### Selecting Results

Given that the attention of senior leaders is limited, greater progress can be made when governments focus on a small number of priorities that citizens and public servants regard as important. This also increases the relative consequence of failure in any one problem, which makes public servants more committed to ensuring each priority succeeds. While the problems were ultimately chosen by the cabinet, the selections were the result of lengthy dialogues with agencies. As a result, the agencies felt more committed to solving problems they were involved in selecting. Additionally, the best progress was made around problems where agencies had already built trusting relationships with each other.

Setting effective objectives is a difficult task. The New Zealand targets were most effective when they were set at an intermediate-outcome level, balancing intrinsic value with minimising the delay between actions and observed effects. In order to focus effort, the desired results, targets, and method of measurement all needed to be carefully aligned.

The New Zealand government then declared the targets publicly and committed to reporting on them every six months. Public programmes are frequently discontinued, which can discourage public servants from fully committing to anything new. But New Zealand's method of public reporting increased the potential exit costs from the program. It sent a message to public servants that the targets were here to stay.

### Designing Accountability

New Zealand has experimented with various methods of holding leaders responsible for shared work. Such strategies included appointing a group leader and holding them responsible for influencing peers, as well as attempting to assess individual contributions. Through trial and error, New Zealand now uses a system of "blind" collective responsibility. This is where problems span multiple agencies and a small group of leaders will be collectively held responsible for solving them. This system is not "fair" as it does not distinguish between the contributions of individuals, but it does seem to result in the best outcomes—as committed individuals do whatever it takes to ensure the group achieves something of value.

The New Zealand government generally let each group of agencies determine how best to achieve its target, with the exception of requiring all agencies to prepare and submit an initial action plan. The action plans covered intended activity in the first six months of the program and were mandatory because of previous collaboration attempts struggling to get started.

### Managing Collaboration

One benefit of the measurement system was that agencies could see the consequences of their actions and adapt if necessary. As agencies made progress, often initially through small and simple changes, it built a sense of momentum that fueled further cooperation.

Furthermore, commitment appears to decline as group size increases. Consequently, the most successful groups limited the core participants to two or three agencies. Other agencies were kept informed and involved as needed without forming part of the core group.

These core groups then worked to carefully engineer a sense of equal responsibility. This included jointly resourcing secretariat groups. Agencies also faced trade-offs between the commitments made to each other and to their political leaders. The most successful cases established new ways of communicating with ministers, including jointly reporting to informal ministerial groups.

## Reporting on Progress

The methods used to publicly describe the program appear to have contributed significantly to its success. Reporting consisted of trend data which showed progress over time (presented as line graphs). In target regimes in other jurisdictions, targets tended to be seen as a passing grade (achieving above the target is good and below the target is bad). However, public servants viewed such schemes negatively. Instead, progress tended to be described relative to the baseline rather than the target. This meant a huge improvement that just fell short of the target was a reason for celebration, not punishment.

At the end of each six-month reporting period, New Zealand highlighted small changes and how they had made a difference to New Zealanders. Showing such successes in human terms also proved strongly motivating for public servants.

## Lessons for Other Governments

The New Zealand experience described in this report is intended to help government executives elsewhere on how New Zealand addressed persistent cross-cutting problems. The practice insights developed in this report offer tested steps for:

- Selecting results
- Designing accountability
- Managing collaboration
- Reporting on progress

While these practices may need to be adapted to fit local context, they offer useful and practical guideposts for others to follow.

## The Road Ahead

After almost thirty years of trial and error, the change to New Zealand's Results Program has been a remarkable success. And in discussing the program with various public sector leaders, one theme has become clear: success has not come easily. These leaders note that many of the obstacles they faced in working across boundaries remain. Much of the

literature on working across agency boundaries focuses on the transactional costs associated with coordinating multiple parties and, unfortunately, these costs largely remain. In previous efforts, such costs were sufficient to derail a cross-agency initiative. When public servants ran into issues, they stopped. The recent New Zealand experience differs from previous efforts in that collaborative efforts forged ahead despite the barriers. The programme has had sufficient impetus to jump over obstacles or to smash through them, and providing this catalyst has been a sustained joint commitment of all participating parties.

At the time of writing, many of the results will soon be achieved. The New Zealand government is considering which to continue and what new results should be introduced to solve other difficult problems over the next five years. Further work is underway to explore how the approach may be duplicated for solving regional or local problems. ■

### TO LEARN MORE

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#### The report can be obtained:

- In .pdf (Acrobat) format at the Center website, [www.businessofgovernment.org](http://www.businessofgovernment.org)
- By e-mailing the Center at [businessofgovernment@us.ibm.com](mailto:businessofgovernment@us.ibm.com)
- By calling the Center at (202) 551-9342

