STATE SERVICES COMMISSION
Te Komihana O Ngā Tari Kāwanatanga

Working Paper No. 8

Strategic Social Policy Advice: Improving the Information Base

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Strategic Social Policy Advice: Improving the Information Base

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October 1999

Summary

This paper was prepared for the State Services Commission as part of work on improving strategic social policy advice. It sets out the requirements for an information base for strategic social policy, and describes factors in the current management system that mean that the information base does not fulfil these requirements. It then outlines an information framework for strategic policy advice based around two broad topic areas (strategic social policy populations and employment transitions), four stages of the life cycle, and four stages of the policy process. The paper discusses a number of themes raised by stakeholders, and proposes three sets of next steps to improve the information base for strategic social policy.

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Contents

Part 1: Introduction

The New Zealand Cabinet has requested guidance from the State Services Commission (SSC) on how to improve capability for strategic social policy advice. Strategic social policy advice is driven by high-level Government objectives for social well-being, is forward-thinking, and is not constrained by sectoral boundaries. This paper focuses on improving the *information base*.

In this paper, I have examined information for strategic social policy in a broad sense. Thus, I have not taken information to be synonymous with research or with data, and consider many dimensions of information including:

- the value of information;
- information paradigms;
- the kinds of information useful at different stages in the policy process;
- data collection;
- data access;
- data analysis including modeling;
- inference from analyses;
- dissemination of information;
- capability for various tasks; and
- collaboration between researchers, policy analysts, and statisticians.

This report is structured as follows.

Part 2 provides a context for the paper, and has three parts. The first clarifies what is meant by strategic social policy, the second outlines the origin of the lack of strategic social policy in broad terms, and the third explains different perspectives on the value of information.

Part 3 contains a framework for an information base for strategic social policy. The framework has two dimensions. The first dimension is "topic gaps" – gaps in the information base that need filling in order to design effective social policies. The second dimension is "different kinds of information". Strategic social policy must be problem-driven and different kinds of information are needed for solving problems at different stages of the policy process.

Part 4 is a compilation of views, ideas, and facts that emerged during the course of a number of interviews with people working in social policy. The section is divided into seven themes.

Part 5 contains three sets of suggestions for improving the information base for Strategic Social Policy. These cover data access and privacy, human capability, and the evaluation of social interventions.

Part 2: Context

The Characteristics of Strategic Social Policy

It would seem logical that in order to define *strategic social policy*, we should begin by defining *social policy*. However, the question "what is social policy?" is unanswerable. As pointed out in the Hawke Report, there is no clear distinction between economic policy and social policy, and never has been.[2] The economic and social well-being of a populace are thoroughly intertwined.

There are, however, a number of frameworks used to varying degrees to categorise concerns and actions in this area. Some frameworks have a disciplinary basis, some have a sectoral basis, some focus on objectives, and others are pragmatic amalgams. Different frameworks will be optimal along different dimensions and in different situations, and a plurality of frameworks is inevitable and even desirable, albeit untidy.[3]

Like other countries, New Zealand has a major *de facto* framework for social policy – namely, a portfolio and departmental base. The perceived inadequacies of this, along with the apparent inability to make headway against some social problems, lies behind the call for strategic social policy advice.

A *strategy* is a plan of action aimed at achieving objectives. A current expression of the Government's economic and social objectives can be found in its "Strategic Priorities and Overarching Goals". In this statement, certain themes pertinent to strategic social policy advice appear in different guises - the interactions between social and economic policy, the identification of some desired social outcomes, the need for cross-portfolio collaboration, and the principle of targeting the disadvantaged.

These themes are consistent with the three dimensions of s*trategic social policy advice* identified by officials in New Zealand, namely:

- advice on Government priorities;
- advice on medium-term issues; and
- advice on cross-cutting issues.

Not all strategic social policy advice need have all three dimensions. Within a sector, there may be a need for policy advice that is forward-thinking and could be dubbed strategic, even though it is not cross-cutting.

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[2] "Drawing on the Evidence: Social Science Research and Government Policy", a 1995 report to the Minister of Research, Science & Technology, p.3. This document is known as the Hawke Report, and is referred to in this way in this paper.

[3] "Scope and Domains of Social Policy" - Annex B of Cabinet paper on Strategic Social Policy Capability.

Some of the implications for information requirements for strategic social policy advice are:

- the ability to measure outcomes;
- the need for longitudinal data and cross-sectoral data; and
- the need for information to support the design and delivery of targeted interventions.

A Problem to be Solved or a Condition to be Managed?

Why is social policy advice inadequately "strategic" and why might the information base to support it be deficient? The generic cause is the political and departmental structure of social policy design and delivery.

A three-year electoral cycle puts pressure on politicians for quick results, and this is at odds with funding expensive longitudinal studies. Long lead times are typical, and consequently, incentives for good outcome evaluation are weak. No one Government could really claim to have weakened "cycles of intergenerational disadvantage". However, the recent establishment of ministerial teams in Cabinet is providing an increasingly cross-sectoral perspective at that level.

The traditional social policy portfolios are health, education, employment, justice, and social welfare in its two manifestations of income support and in-kind support such as housing and child welfare services -- the basic framework is sectoral. Some cross-cutting or "horizontal" portfolios such as Te Puni Kokiri and Women's Affairs span the others, but have relatively small resources.

The new emphasis on targeting what the Hawke Report terms "strategic policy populations" is at odds with a sectoral framework. Poor social outcomes occur for individuals, for families, and for communities. Those trapped in cycles of disadvantage are likely to have relatively poor outcomes across a number of sectors – to be unskilled, in poor health, in need of income support, and sometimes on the wrong side of the law.

Incentives for cooperation across departmental boundaries are poor for many familiar reasons.[4] Yet collaboration across departmental boundaries must be a prerequisite for cross-cutting policy advice. Cross-sectoral data sets can potentially be created cost-effectively by merging sectoral data sets. Some longitudinal studies with great long-term value are simply too expensive for a single department to fund.

The fundamental problem is that there are no natural boundaries in social policy advice because there are no natural boundaries in the social well-being of the nation – everything is connected to everything else across both time and space. However boundaries are drawn, there will always be gaps between them and the need for cooperation across them.

[4] State Services Commission (1999) *Essential Ingredients: Improving the Quality of Policy Advice*, Occasional Paper No. 9.

> *In spite of the increasing recognition of the inter-relatedness of social phenomena, policies remain largely sectoral… And this is reasonable: social phenomena are simply too wide ranging, so that comprehensive approaches attempting to take account of all factors might lead to paralysis".*[5]

The lack of strategic social policy advice and supporting information is not a *problem* that is amenable to *solution*. Rather it is a *condition* to be *managed* – an ongoing situation with which we must live. We can only seek continuing incremental improvements, not grand solutions. Some recent incremental improvements are recorded in this report, and the potential for others is discussed.

What Makes Information Valuable? – Three Paradigms

As part of its response to the demand for cross-sectoral policy advice, Canada has recently launched its Policy Research Initiative (PRI) with the aim of creating knowledge networks around four groups of horizontal issues.[6] The Policy Research Initiative is aimed at improving the knowledge base for all Canadian public policy. Although New Zealand does not have the resources to adopt such an ambitious initiative, we can both free-ride on Canada's work, and incorporate some of its features in our own policy research. One of the key features of the PRI is the formation of tripartite collaborations of *academics*, *statisticians*, and *policy-makers*.

These three sets of players have different perspectives on the value of information, and this both enriches, and acts as a barrier to, collaboration. These perspectives are shaped by disciplinary training and by incentives and constraints.

Academics value information for its ability to push out frontiers of knowledge, and to do so in a rigorous and defensible manner. The evidence of high value – and thus high status -- is publication in high-ranked international journals. Usefulness for policy advice may add to the likelihood of publication, but is not dominant. This pure academic perspective is not as strong in the more applied disciplines, and academics who work as consultants to government agencies must adopt the policy-maker's perspective on the value of information to some extent.

Statisticians tend to rank information of high value if it is accurate and consistent. Data is "accurate" if confidence intervals are small. For instance, all else being equal, the higher the response rates in a survey, the narrower the confidence intervals, so the value of a survey will be judged by the response rate. Consistency means that time series will be reliable and data across or within sectors can be more successfully compared or merged.

Policy-makers place no value on information if its usefulness does not outweigh its cost.

Value of information	*equals*	The value of the state of the world *with* the information
	minus	The value of the state of the world *without* the information
	minus	The cost of the information[7]

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[5] Fellegi, I. and Wolfson, M. "Towards Systems of Social Statistics – Some Principles and Their Application in Statistics Canada". 51st Session of the International Statistical Institute, Istanbul, August 1997. P.4.

[6] The four groups of issues are growth, human development, social cohesion, global challenges and opportunities.

[7] Presented by Eugene Bardach at a seminar given to the SSC in July, 1999. Professor Bardach expressed the value of policy advice this way by characterising it as a species of information.

> *While it is not usually possible to calculate the value of information formally, it is important to keep this axiom in mind. Information that is useful for public policy has no intrinsic value; it only has value when it has the power to affect decisions, and even that value may not outweigh its cost.*

The difference between the perspectives of the statistician and the policy-maker on information have their origins in two schools of thought within the discipline of Statistics – the Bayesian or subjectivist position and the Classicist or objectivist position. For public policy and business analysis, a Bayesian perspective is appropriate.[8] In practice, this means that information that can be used in making decisions, even if it is only an informed guesstimate, has greater value than very accurate information that can have no influence over decisions. The analyst who wishes to incorporate information in policy advice will usually not have the luxury of high quality data on the right variables to hand, but must infer, and build a model, and test the results of that model using sensitivity analysis. If the decision implied by the results of an analysis is not sensitive to the value of an input variable, then narrowing the confidence interval of that variable is a waste of resources.

Improving the information base for strategic social policy advice will absorb resources. The creation of longitudinal and cross-sectoral data sets is expensive. Training analysts to extract value from data and providing them with the time to do so, improving access to data, dissemination of the results of analyses, encouraging contestable analyses of the same data – all consume resources, and the policy-maker's perspective on the value of information should generally dominate. The preparation of policy advice is not cutting edge academic research, and academic standards of research are not always needed. Improving the accuracy of data does not necessarily improve the quality of policy decisions. Intelligent reasoning from analogy may often give a better return than investment in empirical information.

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[8] In the words of a giant in Statistics, Economics, Public Policy, and Business Studies: *"I, for one, adopted the subjectivist, Bayesian platform (use of subjective probabilities and utilities) gradually and begrudgingly in the early 1950s. It's not easy to give up an identification with 'scientific objectivity'…. My intellectual conversion from the objectivistic to the subjectivistic school did not carry any emotional convictions until I began working with Robert Schlaifer on concrete decision problems in business."* Howard Raiffa, "Decision Analysis: Introductory Lectures on Choices under Uncertainty", 1968, New York: Random House, p.278.

Part 3: A Framework for an Information Base for Strategic Social Policy

In this section, I present a framework for helping develop the information base for strategic social policy. Tasks like freeing up access to information have no place in this framework. This framework is designed as an aid for writing an agenda for filling gaps in the existing information base, and for improving capability for producing and using this information.

There are two kinds of gaps, and thus, two dimensions in this framework – *gaps in topics* and *gaps in kinds of information*. Gaps in topics occur because some topics fall between sector boundaries, or span sectors so they are no one agency's responsibility. But identification of topic gaps is not enough because of the need to make connections with the policy process. Different kinds of information are useful at different stages of the policy process, and some of these kinds may be absent or inadequate.

Gaps in Topics

In New Zealand, the topic gaps framework was used in the Hawke Report, and was adopted and expanded by the Officials Working Group on Applied Social Science (OWGASS).

A major recommendation in the Hawke Report was for the establishment of two committees of officials for joint advising on social policy to Cabinet. Each committee was to be responsible for a broad topic gap. The two topic gaps are:

- Strategic Policy Populations – an underlying theme of social cohesion; and
- Employment Transitions – an underlying theme of economic opportunity.

The first topic gap reflects the major trend in social policy interventions in New Zealand from universal entitlement to targeted assistance -- Strategic Policy Populations are those groups that we wish to target.

> *Government is not sufficiently anticipating information needs about those sections of the population which are the focus of major policy decisions.*[9]

The trend to targeting is unlikely to change based as it is on the success of earlier social policy and fiscal constraints, although rationales for targeting expressed by political parties may vary.

The second topic gap reflects the key role that employment plays in well-being, the changing nature of employment, and the role of the State in matching capability with opportunity.

The two committees recommended by the Hawke Report were not established, but the group of officials known as OWGASS drew up a more finely specified list of eight topic gaps in applied social science. Each topic gap was elaborated with a set of questions, and research strategies were commissioned on three of the eight topics.

[9] Hawke Report, p.11.

The OWGASS topic gaps are:

1 Family dynamics

2 Maori and non-Maori disparities

3 Employment and skill development

4 Intergenerational impacts of ageing

5 Determinants and impacts of crime

6 Impacts of immigration

7 Changing environmental values and resource use and protection

8 Future role of government in a knowledge-based society

The OWGASS topic gaps are indeed cross-portfolio and long-term research areas. However, I believe they are unsuitable for direct incorporation into the framework presented here because:

- The OWGASS topic gaps were selected as "Applied Social Science Research Areas", and this task differs from the broader assignment here of an improved information base for strategic social policy. The elaborative questions provided under each topic are focused on uncovering causal relationships, and as such, are more to do with *social science research* than *social policy information*. Social policy research should be problem-driven, and as discussed in the next section, the uncovering of causal relationships is only one kind of information that feeds into policy.

- The relatively detailed specification of the topics is a boundary drawing exercise, that may become concreted in place and preclude flexible responses to emerging issues. Although not intended, it is easy for such a list to be seen as complete.

There have clearly been gains and insights from this work. But I believe that the two broad topic areas proposed in the Hawke Report would act as better umbrellas and foci for strategic social policy development. I would suggest a minor name change to the second topic gap – from Transition to Employment to Employment Transitions. The former evokes young people moving from education to work; the latter includes issues like the unemployed middle-aged. Most of the concerns evoked by the OWGASS topic gaps fit well into either Strategic Policy Populations or Employment Transitions.

Gaps in Different Kinds of Information

The second dimension of a framework for the information base to support strategic social policy advice is based on the roles that information can play in the policy process. Different kinds of information can be used to inform different stages of the policy process, and there will be gaps in some of these. Moreover, different kinds of improvements to the *status quo* may be appropriate for the production and use of different kinds of information.

The policy process can be broken down into various sets of generic stages at which information can be used. In the following discussion, I discuss ways in which information can

be used in each of four generic stages of the policy process. What kinds of information are needed at each stage to support strategic social policy advice – advice that is driven by high-level objectives, is forward-thinking, and / or is cross-cutting?

Problem Identification

Trends in key indicators are used for identifying problems, and so time series of chosen indicators are required for monitoring the social well-being of the populace. The selection of indicators is not a trivial exercise. In some cases, we cannot tell which direction of change in an indicator is desirable. As well as providing an overview of societal well-being, time series of indicators can be presented to Ministers to assist in specifying high-level social objectives.

For this initial stage in the generic policy process, the statistician's information paradigm is important. Time series lose their value if survey questions and variable definitions change from year to year. On the other hand, statisticians are not likely to be the best judges of which variables are best selected as social indicators.

Cross-tabulations of indicators reveal the degree of concentration of poor outcomes among certain populations, and thus provide a basis for designing screening instruments that can be used for targeting. Exploration of such correlations across indicators from different sectors may be especially useful – a health indicator may be a good proxy of something astray in education.

Canada is using a life stage framework for its indicators of well-being; the four life stages are Children, Youth, Working Age Adults and Seniors. In New Zealand, as part of the Strengthening Families strategy, a set of outcome indicators for children and young people has been developed[10], but, not to my knowledge, sets for those of working age or above. A cross-sectoral approach is especially important for young children, as has been recognised in the Strengthening Families Strategy.

Causal Relationships

The search for underlying causal relationships is core business for social scientists, and collboration with academics should be fostered here. Inference about causal relationships requires high level skills and judgement. It is important to understand that causality can never be proven – only inferred when evidence from varied sources generates the same "stylised facts".[11]

Ideally, the search for causal relationships is done using panel data – that is, unit record longitudinal data – since this will provide the greatest explanatory power. Along with

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[10] While this document contains a very promising set of indicators, I am critical of the target values that have been set. These targets are simply arbitrary – 25% or 50% reductions by certain dates. The power of Government to influence these indicators varies widely. In the USA, individual states have the great advantage of being able to set reasonable targets by benchmarking to other states. The state of Oregon has done this for a variety of indicators (Oregon Progress Board, "Achieving the Oregon Shines Vision: The 1999 Benchmark Performance Report".)

[11] I found it interesting that the many of the illustrative research questions given for each OWGASS topic gap were "What are the determinants of …?" As a believer in language influencing understanding, I would much prefer to see these questions phrased as "What factors influence…?" The word "determinants" implies that relationships are deterministic – that there is no randomness.

discovering patterns in the data, there must be a "plausible story" about apparent causal links. Qualitative analysis plays an important role – focus groups and interviews can help the quantitative researcher decide what to measure and how to explain the patterns observed.[12]

Panel data is expensive to collect and its analysis requires a high level of skill. It is especially desirable for more than one researcher to analyse a data set separately, and then work toward consensus on the messages contained within. Thus, collaboration across sectors, as well as with academics, makes a great deal of sense, since research can be coordinated and existing knowledge shared. Moreover, no one department is likely to have the budget, the time or the expertise. The need to sustain funding over several years is a major deterrent to the initiation of longitudinal studies.

Since the identification of dynamic causal relationships is such a huge challenge, there is a strong case for relying mostly on overseas studies. The task then becomes one of deciding what is applicable to New Zealand by comparing trends here with trends in other similar countries.

It makes sense to search for causal factors across the board. All potential causal factors should be examined, whether or not they are policy levers, or can be influenced by policy levers. Otherwise, the results will be confounded by left out variables. Why do some children end up with reading difficulties? An "explanation" in terms of education sector variables only will be unhelpful, and worse, misleading.

Capability for using modeling as a way of gaining insight on the dynamics of relationships in the absence of longitudinal data should be developed. Statistics Canada is developing life path models – simulation of populations of interest using cross-sectional data. Such modeling exercises require a Bayesian policy analyst perspective on information, since the analyst will be forced into making guesstimates of many kinds. In the words of Michael Wolfson, the task is to "*. . . weave nuggets of empirical regularity into a story about transition dynamics*".[13] By way of example in the New Zealand context, the creation of life path models for children born into high-risk families could yield valuable insights on the effectiveness and cost-effectiveness of various interventions.

Design and Delivery of Interventions

Information is also used at the intervention design stage of the policy advice process, and agencies must do operational research to test the practicalities of implementation. In the delivery of interventions, economies of scope can be gained by cross-sectoral collaboration, although this requires greater capacity on the part of the providers.

An apparently somewhat neglected task here is the prediction of the effects of different interventions.[14] Part of the reason for this may be an unfamiliarity with, or a reluctance to adopt, the policy analyst's information paradigm – educated guesstimates and modelling of various kinds will be necessary. Cross-sectoral collaboration here could help identify the

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[12] An unhelpful feature of the public policy scene in New Zealand is the distinction between "quantitative analysis" and "qualitative analysis". The goal should be good analysis, and the choice of methodology should be appropriate to the question asked.

[13] Quotation from Michael Wolfson at a seminar at Statistics New Zealand on 6th July, 1999.

[14] See note 7.

potential conflict and cooperation between different sectoral interventions. Social impact assessment should probably be included here as a form of information, though it is cross-sectoral in a broader sense.

Outcome Evaluation

Strategic social policy advice should above all focus on improving outcomes. In the framework that governs the design of the New Zealand public sector, departments use inputs to produce outputs. In general, departments through their Chief Executives cannot be held accountable for the production of outcomes, because the desired outcomes are affected to varying degrees by factors outside their control. In an ideal world, outcome indicators could be developed that departments could directly influence. Some progress may be possible linking outputs to outcomes, especially where measurement of intermediate outcomes is sufficient.[15]

In the absence of much progress on this front, outcome evaluation should be the lynchpin of strategic social policy advice. What makes a difference? How big is the difference? How confident are we that the observed difference is not due to confounding factors or random variation?

Before-and-after data – often with a substantial lead time between -- is needed for evaluating outcomes. The most elegant way for controlling for confounding is to set up an intervention as a randomised controlled trial, although practical difficulties often prevent this.[16] As long as variables other than the provision of the intervention that might "explain" an observed change in outcome are collected, then *ex post* modeling can be used to control for confounding.

There is clearly a great deal of concern about the extent and quality of outcome evaluation, as currently practised.[17] The greater proportion of evaluation exercises done within government departments are of implementation or process, not of outcomes. Of course, successful implementation is a prerequisite for an intervention to be effective.

Outcome evaluation is expensive, and should not be embarked on lightly. Bushnell outlines some screening tests for ruling out useless evaluations.[18] The first of these is *"If the evaluation does not feed into another decision, it should not be carried out"*. This is a clear expression of the policy analyst's information perspective on the value of information.

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[15] I illustrate what I mean by measurement of *intermediate outcomes* with an example from the health sector – screening for cervical cancer. There is no need to measure the real outcome of interest – the increase in the life expectancy of women through early detection of cervical cancer. The intervention's success can be judged by intermediate outcomes such as the percentage of women in the screening programme and comparison of error rates (false positives and false negatives) with those of other countries.

[16] The gold standard of evaluation is actually a *double-blind* randomised controlled trial. Double-blinding refers to the situation when neither the provider nor the recipient knows whether the intervention or a placebo is being provided; how double-blinding might occur with social interventions is beyond my imagination.

[17] See note 4.

[18] Bushnell, P. "Where does Evaluation of Policies Fit?" Presented at Workshop on Policy Evaluation, Foreign and Commonwealth Economic Advisers, London, February, 1998.

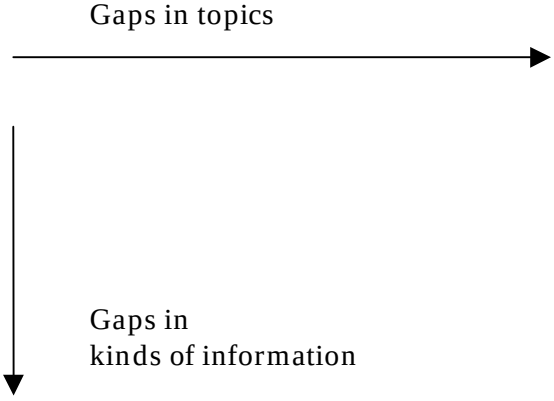
Since longitudinal studies and outcome evaluation both require commitment over several years, combining the two could be very productive. For instance, a longitudinal study of vulnerable children could be combined with an outcome evaluation of the intensive early childhood intervention to which the Government has recently made a commitment. Newborns at risk could be randomised into treatment and control groups, where those in the treatment group would receive the FamilyStart programme, and those in the control group would receive the standard support services such as Plunket. Outcomes across the board – health, learning skills, abuse rates – could be tracked over time.

Finally, if outcome evaluation is not impartial, its value is questionable. It is appropriate for departments to conduct process evaluation since this provides valuable feedback for intervention design. However, outcome evaluation should be conducted at arms-length. Contracting out to private evaluators is an apparent solution, but even then there is an incentive to report positive results. Moreover, where lead times are long, outcome evaluators need to be located in a stable institution. While in a perfect world, we would wish all social policy research to be impartial, impartiality is most important for outcome evaluation.

Assembling the Framework

These two dimensions of a framework can be assembled into a matrix, as shown below. This is rudimentary, and may be too reductionist for some concerns. The first dimension – topic gaps – sets the columns of the matrix, and the second dimension – gaps in kinds of information – sets the rows of the matrix. Particular concerns / projects can be located in the cells of the matrix. Canada's life stage framework is also introduced as a sensible way of thinking about targeting, and might aid the selection of major projects.

Some examples of possible information gaps are given for some cells of the matrix. They are for illustrative purposes only. Note that they are not necessarily cross-sectoral.



High-level objectives

Social Cohesion **Economic Opportunity**

	Strategic Policy Populations				**Employment Transitions**		
	Children	*Youth*	*Working age adults*	*Seniors*	*Youth*	*Working age adults*	*Seniors*
Problem identification	A			G		K	
Causal relationships	F	B					I
Design & delivery			H		C		
Outcome evaluation	J	E			D		

Examples:

A At-risk pre-schoolers

B Who offends?

C & D Community Task Force

E Family Group Conferences

F Which Maori children do well at school?

G The elderly poor

H Anti-smoking interventions targeted at Maori women

I Who keeps working after age 65?

J FamilyStart

K Middle-aged unemployed blue-collar workers

Part 4: Themes from Discussions

During the course of this project, I discussed the terms of reference of this paper with a variety of people working in social policy – policy advisers and analysts, statisticians, and academics. Some of the observations and views expressed during these discussions have been incorporated into earlier sections in this paper. The remainder are organised here into a number of themes that emerged during discussions.

The focus in this section is on frustrations and impediments. But there has clearly been incremental progress -- for example, the establishment of the Social Policy Journal, and the integration of administrative data sets to derive information (often cross-sectoral) that is useful for policy. With the increasing recognition of the need to understand dynamic relationships, a number of longitudinal data sets are under development or being scoped. The Social Policy Agency has combined administrative data sets to study factors affecting the length of time on income support, and is planning a new longitudinal study of children. Statistics New Zealand is completing a feasibility study for a multi-year survey to study income dynamics, and the Department of Labour has a longitudinal study of migrants under way.

On Access to Information - Charging

Access to information was the theme that emerged most often during discussions, and views varied widely. Dissatisfaction is greatest among academics and other independent researchers, though smaller government agencies may share similar frustrations. The problem is that defining the optimum is impossible. The pricing problems have their origin in the dual nature of information as both a public and a private good.

Statistics New Zealand has made a number of changes that have improved the situation, and more are currently underway. A new website is being designed that will be easier to navigate than the current website, and many data sets will be available free of charge. The Data Laboratory Service – available in Auckland, Wellington and Christchurch – provides access to unit record data. Work is being done on merging administrative data sets – such merged data can be cross-sectoral.

A scrutiny of the pricing policies and practices of Statistics New Zealand is outside the scope of this paper. Perceptions of problems vary widely. Some frustrations may resolve over time; a change from an externally set revenue target to an internally set target has recently been made, and the department is in a state of transition.

There are two rationales for setting charges for data – the use of the price mechanism to link consumer demand to producer supply, and the generation of revenue.

The first rationale is based on the fundamental market model in which prices are used to allocate resources. In this model, the production of a particular data set is deemed worthwhile if its potential users are prepared to pay for its production cost. The pricing mechanism is generally valid where the charge is for value added to the basic information – such as a non-standard cross-tabulation or the access fee for the Data Laboratory.

However, the pricing mechanism can only be efficient if information budgets of consumers are optimal. The price that a consumer of information is willing to pay for a data set is constrained by ability to pay. For example, both the Social Policy Agency and Te Puni Kokiri

might be interested in buying a particular survey or data analysis, but will have very different demand curves because of their very different budget constraints. The situation is very far from the textbook market model.

The second rationale for setting data charges -- revenue generation – should not be applied to government agencies, since no net revenue is generated, and transaction costs are incurred.

Although information is not free to produce (although virtually free to distribute now on the Internet), research and analysis using that information is not free either. The more information that can be made freely available, the more "free" research will be done in the universities, and the more informed dialogue on social policy will be. The more "free" research there is, the more the same data will be analysed by different researchers, and the less monopolistic the provision of informed policy advice will be. Perhaps the most immediate obstacle to collaborative work on social policy between academics, statisticians, and policy officials is charging for data.

It is clear that New Zealand academics are more restricted in their access to social statistics than in some other countries. For some time in the USA, the University of Michigan has provided data from the Census and other standard surveys free on the Internet. All the researcher need do is go to a website, check a disclaimer, and download the variables of interest. In the UK, unit record data is routinely archived and accessible by academics. An exciting initiative has just been taken in Australia that could be considered here – an agreement between the Australian Bureau of Statistics and a coalition of Vice Chancellors, in which the universities pay an annual lump sum for unrestricted access to unit record data.[19]

On Access to Information - Privacy

A second impediment in access to information is restrictions for the protection of privacy. If privacy were not a concern, there would be enormous gains in power and efficiency with the assignment of a unique identifier to every individual in the country. Most adults in New Zealand already have two unique identifiers – an IRD number and a driving licence number – so a proposal for a unique identifier is not really very radical. The widespread use of a unique identifer would simplify, speed up, and improve the accuracy of the merging of both administrative and research data sets, including cross-sectoral data sets.[20] Within sectors, it would improve greatly the management and delivery of social services of all kinds.

It is argued that privacy is a bigger concern in a country with a small population, and that the use of unit record data must be carefully controlled, since the probability of a researcher identifying an individual is relatively high. Access to unit record data has improved with the opening of the Data Laboratory, but charges and the need to be physically present in one of three laboratories are both deterrents.

Values placed on privacy vary widely across countries. In Sweden, a country that places high value on individual rights, all tax records are available for scrutiny by any member of the

[19] A recommendation in the Hawke Report for a Social Science Clearing House for data sharing was adopted, but had a short life when funding ceased. The website for Social Data Archives at Massey was last updated in 1996. The purpose was for academics to share their data sets, and, besides the loss of funding, a reason for failure may have been their reluctance to share data with researchers who might misinterpret variables etc.

[20] Currently, merging of data sets must be done by matching variables such as birth date.

public. In New Zealand, many people gain security clearance and work with confidential data in government agencies now, and technical options like encryption are also available.

Privacy is not an impediment to the development of universalist social policies. However, the current emphasis on targeting "strategic policy populations" is in direct conflict with privacy restrictions. Confidentiality is not an end in itself. The benefits of increasing access to unit record data (and perhaps the widespread use of a unique identifier) should be weighed up against the costs – the probability of identification of individuals and the extent of the ensuing damage, and lower response rates in surveys due to erosion of trust.

On Human Capability

The lack of capability for finding, producing and using information in strategic social policy advice emerged as a major theme. People are needed with the skills and time to work on fundamental issues. Research capability – people and money – is highly uneven across agencies.

Most quantitative work currently done is descriptive, and is concentrated on the problem identification / monitoring end of the policy process. Some academics are concerned about the "flight from quantification" in some university departments. "Math-phobia" is more common among women who are drawn disproportionately to social policy, though this may self-correct over time, given the current concern about the widening gap between girls and boys in school performance. Students who have the experience of working with real data while at university, and subsequently work as policy analysts, will be much more likely to see it as a natural part of the job. Having to buy data is a wonderful deterrent to its use in student research projects, especially when one can pass the course with a "qualitative" project.

Capability may be more of a problem than cost within social policy agencies. Ten agencies contributed funds towards the recent Disability Survey. After its completion, only two agencies actually used the data, and Statistics New Zealand found itself in the odd position of proselytising for the use of the data.

Thus, upskilling analysts and advisers is crucial. Such training must be oriented towards equipping staff with practical analytic tools and providing hands-on experience. Not all analysts and advisers need be highly skilled in analytic methods – an understanding of the implications of another's analysis is often all that is needed. The development of an appreciation of how different methods can be used must be the main aim. The provision of such training to groups of staff from different social policy departments together could encourage collaboration, cross-sectoral analysis, and build a rich set of practical examples. Moreover, it would avoid unnecessary duplication, thus reducing the funding and organisational burden on single agencies.

Skills can be bought as well as cultivated in-house. Contracting out strategic work has the advantage of ring-fencing particular projects, so they cannot be undermined by day-to-day business. A major capability requirement is training in the tendering and management of contracted projects.

On Funding Research

OWGASS recommended that funding of the eight "topic gaps" in social science research come from Vote RS&T (Research, Science & Technology) and be managed through an existing or new centralised purchase agent. This solution was favoured instead of expecting departments

to club together to undertake high priority research or developing a special purpose social science policy research institute.[21]

Officials were unable to identify an existing purchase agent that:

- has a good understanding of New Zealand's social science capability;
- is credible to government departments with appropriate consultation paths to social policy ministers; and
- can take a good cross-sectoral perspective and not be captured by any one portfolio's policy interest.

However, most importantly, the task here differs from that of OWGASS. The research that is needed for informing strategic social policy advice would desirably include some "pure" social science research, but primarily must be driven by key policy problems. Moreover, the lack of research may not be the barrier impeding the incorporation of information into policy advice; in many instances, comprehension and/or dissemination of existing research may be the critical factor.

This is not to say that social science research should not be funded. Apparently, social science is very poorly resourced in New Zealand compared with other developed countries.[22] But the establishment of social science "bricks and mortar" institutions will not necessarily produce much that is useful for strategic social policy.

A positive funding change is occurring in the Foundation for Research, Science & Technology (FORST). FORST is charged with funding public good research, and apparently has in the past rejected "useful" social science research projects, on the grounds that a project whose results could be appropriated failed to satisfy the economic definition of a public good. Apparently, FORST has become more relaxed about its definition of a public good, moving toward a public interest interpretation. Certainly, one could imagine that research relevant for social policy could be funded under some of the very broad Strategic Policy Objectives (SPOs) that have emerged from the Foresight programme.

On Interdepartmental Collaboration

In the framework that governs the New Zealand public sector, Ministers purchase portfolio outputs (not cross-portfolio outcomes) from the Chief Executives of government departments. As discussed in Part 2 in the section entitled **A Problem to be Solved or a Condition to be Managed?** (p.5), this situation is a condition that will persist, not a problem that can be solved. Collaboration between departments is a challenge when there is an annual competition for funds from the same source, and demands for responses to immediate problems make it difficult to ring fence funds for strategic work and emerging issues. Two options for making it difficult for collaborating departments to defect are the signing of memoranda of understanding for contributions to joint projects, and the establishment of joint Key Result Areas (KRAs).

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[21] The disestablishment of the Social Science CRI triggered the Hawke Report.

[22] I am told that this is so on a per capita basis.

Apparently, there are already some joint KRAs signed by Chief Executives of government departments, but they are high-level and short on measurable details. One could imagine rather more specific joint KRAs, along the lines of: *Before June 30, we will have jointly produced a feasibility study on a multi-year survey that will yield data from sectors a, b, and c for strategic policy population X*.

A number of pragmatic observations on interdepartmental collaboration were made during discussions with department officials.

- It should be avoided unless there is a good reason for it.
- Talking across boundaries is one thing, but action across boundaries is quite another.
- There will be gains in the short-term from sharing information, rather than investing in new information.
- If many linkages must be made, the task should be performed within one agency, otherwise transaction costs will dominate.
- Breadth can just dilute. Most of the time, it is depth of sectoral knowledge that is needed.

A tripartite collaboration between statisticians, academics, and policy people is, of course, a much greater challenge. One move in this direction is the soon-to-be-established Social Statistics Committee. This is to be comprised of users – hopefully, these users will come from different kinds of institutions and bring different information paradigms.

On Outcome Evaluation

At one end of the spectrum of methods for outcome evaluation is the double-blind randomised controlled trial, and at the other end is the single anecdote. If we look at outcome evaluation in the information paradigm of the policy-maker, then the correct comparator for the judging the value of the outcome evaluation is not a randomised controlled trial, but the quality of the information about outcomes in the absence of the evaluation.

One official described outcome evaluation as trying to get incremental improvement on anecdote. But information in the policy context is not valuable in its own right – it only has value if it improves the quality of subsequent decisions. And how good is good enough? Where should the line between a randomised controlled trial and a single anecdote be drawn? Too low a standard for outcome evaluation might lead to false confidence in a misleading result, and subsequent decisions may be of lower quality than they would have been in the absence of any information at all. As a general principle, a higher standard of evidence should be required where downstream expenditure is potentially large.

In Part 3 in the section entitled Gaps in Different Kinds of Information (p.9) I argued that impartiality was essential for good outcome evaluation, and so there is a case for contracting out. There is a current practice of calling for potential providers and evaluators of a social intervention to register interest for these tasks simultaneously and independently. But the method for evaluation should be designed into a programme, and so evaluators should be involved at a relatively early stage.

Another problem with outcome evaluation is the need for long-term "protected" funding for the task. This, along with the need for impartiality, raises the possibility of outcome evaluation of major social interventions being commissioned, or performed, by an agency not involved directly in social policy development or provision of social interventions. In the United States, the General Accounting Office (GAO) can conduct such evaluations. Interestingly, the Chief Executive of the GAO is appointed for a fifteen-year term and retires on full salary. The natural location for this function in New Zealand is the Audit Office.

There are obviously problems with outcome evaluation performed in-house. Apparently, most evaluations are of implementation and process, although they are often called "outcome evaluations". This situation must have developed largely as a consequence of the entirely understandable pressure for results from Cabinet, but outcome evaluations are a waste of time and resources when programmes are not given time to settle down.

On Political Risk

Although access to information dominated most discussions, one official expressed the view that the two major barriers to the use of information in policy advice are lack of capability for using information and political risk.

Although the organisation of Ministers around strategic priorities should encourage cross-portfolio thinking at this level, investment in social policy research and in major data initiatives has not been a high priority. Some officials feel that Ministers have demanded the impossible – higher quality policy advice with a greater information content, but workloads and deadlines make this unattainable.

There will be little investment in building up the knowledge base for strategic social policy without a champion in Cabinet. In theorising about optimum institutional arrangements, it is important not to lose sight of the importance of individuals. Change is often achieved by "obsessed" individuals. For example, David Fergusson has managed to maintain his often-cited longitudinal study of children in Christchurch over many years using normal funding channels.

The best way to sell an informed approach to policy advice to Ministers is to arm them with better information than their critics.

Part 5: Next Steps

There are some specific ideas for change embedded in different places in this report. But because the topic is so broad, it would be unwise to formulate all of these ideas into specific recommendations. Without a comprehensive stock-take of the *status quo* and without detailed knowledge of changes to it that are currently underway, it is a risky business proposing improvements.

It is not enough to identify ways in which the information base for strategic social policy could be improved. Someone must write the research agenda for strategic social policy advice. Someone must commission projects and find resources. Someone must take the initiative to organise training to upskill analysts, foster collaboration, create and maintain networks.

This could involve the enhancement of existing organisational arrangements, or the development of new arrangements. However, machinery of government arrangements were beyond the brief for this report.

Three sets of suggestions for improving the information base for Strategic Social Policy complete this report.

Data – Access and Privacy

Although changes are underway in this area, it seems that New Zealand researchers will still face more barriers than their counterparts in other Western countries. Here are some tentative suggestions for change in data practices and policies.

1. Maximise the amount of data that is freely available on the Statistics New Zealand website.

2. Locate the most disgruntled researchers and involve them in development of data policy.

3. Consider whether small departments can gain access to the databases of large departments. For instance, the Ministry of Social Policy has many data sets relevant for social policy analysis readily available to all staff.

4. Review charging policies in an economic framework. For example, hard copies of many data sets are currently sold at $5 – this cannot cover the transaction costs. As a second example, when a government department obtains data from Statistics New Zealand, it often pays for added value such as a non-standard cross-tabulation. Once that information has been used for its intended purpose, is there any reason why it should not become freely available to others?

5. Review access and privacy issues in Australia, Canada, the United States, and the United Kingdom. Is the situation in New Zealand really different and if so, is it different for good reasons?

6. Examine the details of the agreement between the Vice Chancellors of Australian universities and the Australian Bureau of Statistics with a view to setting up a similar arrangement in New Zealand.

Human Capability

Some suggestions for improving human capability in this area include:

1. Advertise the Statistics New Zealand website in relevant university departments.

2. Identify methods useful for analysis of social statistics. Which are under-used or not used at all?

3. Develop a set of hands-on workshops on analytic methods. The same set of workshops should be appropriate for all departments concerned with social policy. Break down sectoral barriers, and take advantage of economies of scale, by ensuring workshop participants come from different departments.

4. Develop and run a workshop on the tendering and management of contracted projects.

Evaluation of Social Interventions

Consider whether departments that design and provide (perhaps by contracting out) social interventions should only perform evaluations of *implementation* and *process*.

Consider whether evaluation of the *outcomes* (measurement of effectiveness) of social interventions should be managed by the Audit Office.