17. Building Citizen Feedback into Program Redesign

James Mowat, Jim Scully and David Sweeney

James Mowat: In my contribution to this chapter I will discuss how a problematic institution for stakeholders and customers was turned, in the early 2000s, into what is today considered a model in the field of government regulation in New Zealand — Land Information New Zealand (LINZ). I will outline what the problems with LINZ were, how they were addressed through the involvement of customers and stakeholders and, finally, list the lessons learnt through this process. First, though, I will provide some context about what we do.

LINZ manages eight per cent of New Zealand's land, three million hectares of Crown land including the South Island high country — some of the most spectacular scenery in the world. Our mandate from government is to manage information about land, manage transactions concerning land, and manage land on behalf of the Crown. This mandate comprises five functions: regulatory, to enable trade and commerce involving designated lands; land title, to help inform people of their property rights and those of others; surveying, to establish property boundaries; valuation, to enable landholders to know how much their properties are worth; and, finally, Crown land, to inform citizens how public land is put to its best use or what happens if the Crown needs to acquire private land for public works.

In 2004, LINZ was widely criticised and accused of having regulations that were inconsistent and not fit for purpose. This criticism stemmed from the fact rules, standards and guidelines were written in the backroom and then put into the public sphere; in other words, we would tell people to comply with rules, without seeking input from the public. This approach was frustrating for those whose circumstances made it necessary for them to interact with LINZ. They felt they did not know what they needed to do to comply with our rules and regulations, and they wanted to perform their roles with a clear sense of direction. Something had to change.

In 2004 LINZ did not have expert knowledge of the practices captured in our process, so the starting point for reform was to form a new regulatory group that was split from the operations side of the business and, in the first instance, to perform a stocktake of all our regulatory documentation. The review found that LINZ had over 300 different documents administering our practices, including differing standards, guidelines, specifications, fact sheets, rules, guidance

notes and operation material. There was no common approach or philosophy about how land management was to be regulated; consequently, the regulators operated in isolation from each other.

Prior to 2004, LINZ had not consulted the regulated community about what they knew and how things happened at the coalface. It was clear that we needed to move to performance-based regulation, to talk and engage with the regulated community, and to strip out that operational material. The ‘optimal regulation’ approach was taken; using as little as possible, and as much as necessary to produce efficient services. LINZ adopted a philosophy that was similar to many other service provision re-engineering exercises in that it advocating the merits of ‘light-handed regulation’ or ‘less red tape’. We certainly knew that we needed a new set of traffic lights for our customers.

Figure 1: LINZ strategic context

Source: Land Information New Zealand.

At the top of Figure 1 is what government requires from us to enforce its legislation related to land trade and commerce; the bottom depicts the way in which LINZ operated in the past. Previously, we examined the legislation and then wrote our standards, guidelines, and rulings, and audited against these regulations. But we found there was a significant gap in the middle, the ‘strategic

context’ — which is the gap where the regulators need to develop their own outcomes and objectives in the context of the aims of the legislation. Doing this made it much easier for LINZ to move between the top and the bottom.

This much clearer expression of our outcomes represented both the clarification of a major linkage between the legislative branch and LINZ. Our next step was to establish a dedicated regulatory standards team who would own and manage the frameworks and processes. This team administers a risk framework to determine the regulatory needs; ultimately, they decide whether to intervene or not. As well as developing and maintaining a toolkit for the regulators, the team members also act as project managers, helping to develop new interventions. They provide expert advice on drafting technical content and they remain more neutral than the regulator in challenging their thinking and logic. We have followed both New Zealand and international examples of organisational approach to develop standards that are used by our expert committee and in our public consultation processes. This team also ensures that our published documents have a consistent look and feel.

After the separation of the regulatory from the operational functions, our regulatory group would lend its four principal regulators, including the registrar-general of land and the surveyor-general, to the operational group. These officials are responsible for providing the technical expertise from their regulatory area. The regulatory group can then review existing regulatory documents and decide what level of regulation is needed so that, if there is a high risk, they can choose to apply the appropriate rule or a standard without a mandate. If there is lower risk involved, then they will use guidelines for best practice. The regulatory group maintains overall responsibility for the content and eventual approval of all regulatory determinations.

In addition to the deliberate split between the operation side of LINZ and the creation of a new regulatory group, we also faced the challenge of changing our behaviour. We decided to no longer draft completed regulatory documents and then simply hand them out at that stage. Our ‘frameworks and processes team’ recognised that we needed to involve and educate our external stakeholders. For a while, some of those regulated still said: ‘We want prescriptive regulation. Just tell us how to do it and we’ll do it’. But it was clear that the engagement and support of that community which we regulate required fostering so, instead, we adopted an external expert committee procedure to assist with our decision-making. This gave us a formal way to tap into the knowledge of our practitioners, facilitated by workshops and emails to debate and resolve the content of the new standards. These experts gave their time and resources willingly to assist what they knew, particularly with their involvement, would be a better product.

When expert committees were created, they shared the responsibility for developing a satisfactory outcome from the regulated communities. In fact, the experts were eager to tell us when our regulations were not good enough, and were keen to be involved in the improvement of the system. In this way, customers are accessed through the experts, who act as their proxies. For example, if you are buying or selling a house and you register with us, then you need to use a solicitor; the solicitor in that case is an expert who gives us feedback. The same is true of surveyors and valuers. We found it beneficial to bring these experts in to talk to us. One thing we haven't done, though, is gone out to survey the public to see whether the experts are telling us anything that the public do not want done.

Once the expert committee had finalised and approved a draft standard we moved to the public consultation phase. To assist us, we entrusted the help of a senior law enforcement officer, who had previously embarked on an internet-based public consultation process concerning New Zealand's new *Summary Offences Act*. He recalled that seeking feedback from former clients of criminal regulation was unhelpful — so we were forewarned that seeking client input might be problematic. When it came to our public consultation process, we also used a website and email distribution list to attract as wide a range of feedback as possible, and continue to use this medium. For example, when reviewing leased properties in the South Island high country, we sought and received feedback from a range of NGOs, such as environmental groups interested in the forests, birds, fish, game, and public access rights. Unlike the consultation over the changes to criminal law, we received a wealth of good feedback from our experts and users in the regulated community. In addition, the banking sector and police provided invaluable advice on identity theft for the creation of a standard on transacting land in order to minimise the risk of fraudulent property transfers. When required by law we advertise in public newspapers, but we have found our best source of feedback to be via the internet, as this is the medium of communication with the widest reach.

Overall, the results of the LINZ approach to developing regulatory standards have been overwhelmingly positive. The regulated communities with which we work have taken part in developing our new documents. They have given positive feedback about the process, particularly the committee meetings for experts who provide significant input to make effective standards that are then accepted by the regulated community. The documents produced met our quality criteria; we have had this verified by external consultants, and the new standard documents are now fit for purpose.

We have reduced the number of regulatory documents from 300 to 55, and we now know why we intervene when we do — the strong supporting rationale based on risk assessment provides the justification. Working through the process

of change has been hard work; it took much longer than we planned and a huge amount of energy, drive and resilience. On the completion of the program redesign, Malcolm Sparrow, professor of practice of public management at Harvard University, commented that, faced with a similar reform agenda, most agencies would have given up long ago. We have been left with a consistent approach to regulation across the regulatory group and buy-in from the rest of the organisation and our external partners.

And yet, as an organisation with both a regulatory side and an operation side, in the early days of reform we struggled to get the organisation to sing from the same song sheet. In fact, a lot of the resistance we got early on was from the operations side, which expressed dissatisfaction with what was perceived to be overly prescriptive regulations. Some of our biggest battles were internal and this problem needed to be addressed before we engaged with external stakeholders. Once we had learnt this lesson, we made sure that we got everyone within the organisation on side and then we began to engage with external stakeholders.

In conclusion, the ultimate lesson we learnt from this process is that planning is vital; nothing happens without first getting the right building blocks in place. We also learnt that we needed good management and realistic timeframes; that we needed internal agreement before moving to the external regulated community; that we needed to be flexible and innovative throughout the reform process; that we needed a champion at senior management level to support and maintain momentum throughout the process; and finally, that we had to adhere to good process and be prepared to defend it. This is not always easy, as the expert committee and public consultation phases consume significant time and resources, meaning many critics want to cut resources to save time and money.

But, ultimately, the reforms enacted by LINZ since 2004 have been a success. Today, the New Zealand Government is challenging all of the country's public agencies to be less regulatory in their orientation; in LINZ we are pleased to be through to the other side with a clear sense of direction about how we can best deliver our services.

Jim Scully: While earlier in this volume Christian Bason focused on the technology and government side of service provision, in my contribution I will focus on the customer side — a pertinent subject given the natural disasters that occurred in 2011 in Queensland, Christchurch and Japan. I would like to draw on the observations of Patrick Whitney of the Illinois Institute of Technology, who talks of an 'innovation gap' where customer services are concerned (see LaConte 2007). Whitney argues that, when it comes to service delivery, while we have become technologically and operationally proficient, we have become less empathetic in understanding the customer's world. There is consequently

an empathy gap concerning what is desirable to end users. Whitney argues that, if we understand this and draw insights from it, then this is what really drives innovation.

In his contribution to this chapter, Mowat discusses regulations shaping policy and the need to maintain the integrity of the system. I will devote my comments to highlighting examples where policy has been translated into administration; following me in this chapter, David Sweeney will expand on this theme and discuss the ability of administrators to stay true to their intent as they go through this transformation process.

We often speak of technology driving us forward; and we apply our minds to what's viable from a business point of view. When I worked for Telecom, we spent a lot of time considering these two issues. Next we thought about citizens, customers, the end user and the notion of 'balance breakthrough'. Elsewhere in this volume, contributors write of the need to start thinking about the citizen, the customer and the user up-front, as experts or insiders, it becomes critical to imagine seeing the world from an outsider's perspective.

There's also the idea of pathways and customer journeys; in fact Richard Buchanan talks about systems being so complex that you do not actually experience them, you only experience your pathway through one particular system (Buchanan 2010). And while we, as insiders, think of these customer pathways as being easy to navigate, the outsider's reality can be very different.

For example, while working at New Zealand Inland Revenue, the language used was of customer segmentation: we had 'students', we had 'individual taxpayers' and we had 'families'. Yet, the reality is, when you stand in another person's world, it rarely falls so easily into these stark categories. A customer, for example, could both have a student loan, have started a small business, and have participated in New Zealand's voluntary long-term saving scheme, KiwiSaver. In other words, any one person may have a mixed and fragmented customer profile, yet, when they need a particular service, they have multiple channels coming at them which may not suit their needs or alignment.

Overly complex messages and frequent changes for consumers are also to be avoided if we are to meet better their needs. In Inland Revenue we went out to small-to-medium businesses and offered to assist them in managing their affairs. The overwhelming response from these clients was to leave them alone. Every time we introduced a new improvement, they had to change their business systems. Such tinkering with a particular system meant that every time we enacted a change, clients had to go through a re-learning process, which was not always successful. To illustrate this, one day we spoke to a business about the range and comprehensiveness of our written communication with

firms. A representative of that business told us he was thrilled with our level of communication, because he was using all our paperwork to light his fire at home. It's a true story.

Nor do we think that we should seek citizen feedback only when restructuring is necessary. To best engage with the public, citizen feedback must be a built-in feature; it must be a continuous loop. In fact, in New Zealand, the smartest government departments are using websites, iPhone apps, Android apps and social media in order to keep this feedback coming in. And yet, this is not simply a matter of technology. It is one thing for an organisation to adhere to the principal of engagement and contribution, but quite another to make them comfortable with listening to and taking on such feedback. This is often one of the most pressing concerns for organisations.

In the last third of this chapter, David Sweeney will discuss, from the perspective of the Australian Commonwealth Department of Human Services, the issue of incorporating customers' voices into policy changes.

David Sweeney: To round off this chapter exploring citizen input into program design, I will discuss the work that we at the Department of Human Services have done in establishing our method for understanding customer journeys as a way of advancing the department's service delivery reform agenda. So far we have prototyped this method by using a representative from five different customer groups: a new parent, a recently separated adult, a single mother, a male approaching retirement, a father of one and a person experiencing homelessness. The process entailed three stages. The first stage was about discovery and exploration — the research stage. We next moved into the synthesis and analysis stage that Bason has written about (in Chapter 5 of this volume). We concluded with a mapping and a visualisation stage.

Before I elaborate on the different stages of this process, though, let me say that in my home country, the United Kingdom, where effects of the global financial crisis continue to be felt and the public sector is bearing much of the brunt of those economic cutbacks, I believe the tendency to redesign services with an emphasis on public participation has increased, not lessened. This, I think, is because people have realised that we need to think about the way in which we deliver services differently and so we need to not only find efficiencies, but also consult the general public — the service users — about where the cuts are going to happen and what impact that is going to have on people. By involving customers in the redesign of service delivery, we can bring new ideas into the system that perhaps would not otherwise be appearing in what is, after all, an economically constrained environment.

I will now explain the different stages of the aforementioned customer journey process. Firstly, the discovery stage essentially involved us going out and talking to customer groups firsthand in a location of their choice — often in their own homes. During these consultations our goal was to understand what the journey is like for our customers. We did not have any preconceived expectations about their customer service experience; rather, we simply listened to them describe it.

We wanted to gain insights from their journeys and this required us to approach our clients with an open mind; we tried to uncover their needs and to understand their emotions, motivations and ambitions in order to get to the synthesis and visualisation stages. The synthesis stage began while we were collecting the data; we would collect the data — often in teams of two or three — and then debrief our office from the field. This approach enabled us to return to the office and rapidly gather the data together, looking for common themes and creating appropriate aggregated visualisations of a number of different journeys. In total, we talked to well over 30 people, so these maps are an aggregate of several different people's stories.

The homelessness journey was important to us because those interviewed had compelling stories to tell about their experiences on the streets. We spoke to those who were currently homeless about their goals, needs, who is involved in their lives and how they think they will break the homelessness cycle. We found that they often get trapped and that they face not only the issue of finding housing but also of employment.

Even without asking them about their interactions with government, the respondents told us about this subject quite freely. The stories often shockingly illustrated the way homelessness support services at state and federal levels frequently do not align. And, while we didn't set out to ask the respondents if they had solutions to their problems, in some cases they volunteered them, which we then attempted to factor into our visualisations accordingly. Their criticisms of state and federal service providers often included statements such as: 'I don't understand why you're not doing this', or 'wouldn't it be better if you were doing that'?

So, we have collected suggestions, criticisms and proposed solutions; they will undoubtedly be more valuable further down the track as we revise our programs. For example, one of the things we need to do is to validate some of these journeys; we need to go back to these customers to ask if we have correctly rendered their journey in our visualisations. After this process of verification and validation we will invite the interview respondents to discuss ways of improving our system.

We are still prototyping this work and thinking about other ways of improving upon it. In particular, we are looking at how we can take these visualisations and make them meaningful for people who are creating mechanisms to improve experiences and outcomes for customers.

References

- Buchanan, R. 2010. 'Design for Service', Keynote address at the Savannah College of Art and Design, 9th October.
- LaConte, V. 2007. 'Innovation by Design', *Illinois Institute of Technology Magazine*, Illinois, Winter.