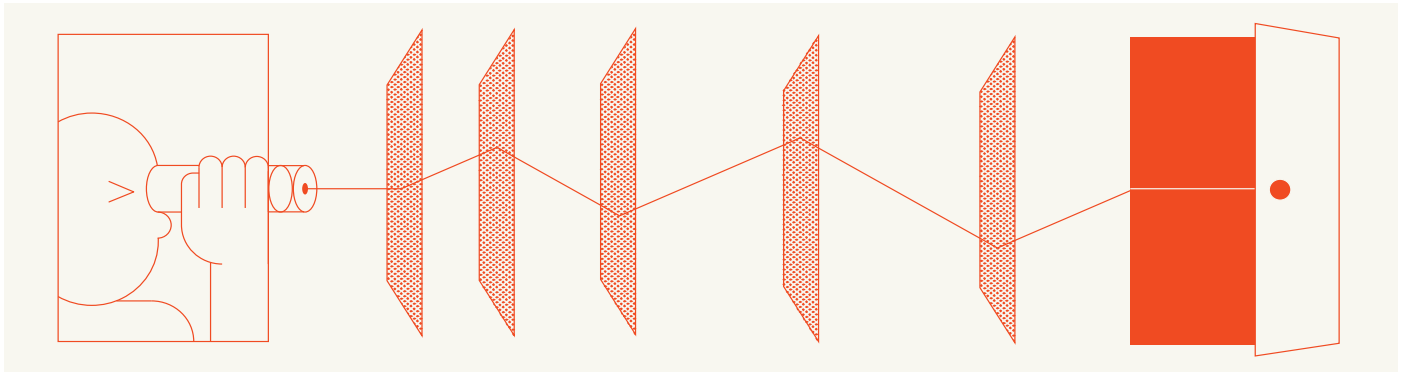


Our first Long-Term Insights Briefings

Think Piece 41: March 2024



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Andrew is the managing director of a consulting company advising on strategy, foresight, policy and risk management. He has advised a wide range of New Zealand departments on strategy, and has advised the parliaments of the UK, New Zealand and Europe on foresight activities. In his consulting capacity, he is currently helping Victoria University of Wellington to establish a Policy Hub and a School of International Futures (to support the United Nations' work towards a 'Pact for the Future').

One of the greatest challenges for any government is deciding where to focus its efforts and resources. There is so much as a nation that we aspire to and also much that we need to fix; but it is difficult to deal with all of the immediate challenges we face at the same time as preparing for the long term.

The political imperative will always be to focus on the immediate and what society today deems to be the priorities. This brings with it the risk that only immediate needs are met while a mess is created for future generations. This imperative is not only driven by the pressure to respond to today's voters – it is also driven by the clarity of known problems, in contrast to future uncertainties.

This last point was reinforced when the world faced and responded to the challenges of COVID-19. History tells us that there will always be pandemics. The uncertainty is when the next pandemic will happen and what type of pandemic it will be. In addition to natural events, we also face long-term uncertainties such as climate change, artificial intelligence and the size and make-up of our population. Spending effort and resources preparing for a possible future pandemic is difficult when we see existing problems which need more resources today. This does not justify disregarding the future; rather, it means we need to find new ways to deal with these uncertainties, such as the speed and extent of the impacts of climate change and the implications of the use and adoption of AI on work and life.

In order to better prepare New Zealand to understand and prepare for these uncertainties, a new requirement for the public sector was included in the Public Service Act 2020. It requires each departmental chief executive to produce a Long-Term Insights Briefing (LTIB) at least once every three years.

Under the Act, the LTIBs must provide 'information about medium- and long-term trends, risks, and opportunities that affect or may affect New Zealand'. It does not require the LTIBs

to make recommendations; rather it requires them to include 'information and impartial analysis, including policy options' to address the matters raised. So far 19 LTIBs have been produced.

Round one

In commenting on the LTIBs I recognise that this was the first round of LTIBs, which meant that for many departments it was a learning experience. Limited resources were allocated to the development of LTIBs due to COVID-19. The LTIB legislation sets very broad parameters. It does not require a systematic assessment of future issues. It simply asks departments for an assessment of long-term risks and opportunities with a discussion of possible policy options. Finally, officials had to walk the fine line of seeking to maintain a relationship with their Minister (a necessary condition to have influence) while at the same time providing free and frank advice.

If the bar against which LTIBs are assessed is whether they are high quality pieces of strategic foresight, then the conclusion is that the LTIBs are of variable quality. Some provide good analysis of a current policy issue with no futures element, and others would be a good starting point for a strategic foresight report. Only a small number would be considered high-quality pieces of strategic foresight (if strategic foresight is the systematic assessment of a future issue which makes a sufficient case for action now to respond to the insights about the future). This is perhaps why one of the useful outputs from this work is a list of areas for further and more detailed investigation.

Round two

When departments start work on their next LTIB, continued resource constraints and the need to build trust with ministers will remain key issues for departments. To prepare well for our future, key changes to the LTIB process might include:

- development of fewer LTIBs, with departments working together on cross-departmental issues. This allows for a concentration of resources and ensures that the topics are not already covered within day-to-day work
- close engagement with ministers to ensure that the topics chosen align with the areas they will be willing to take action on
- bringing in foresight expertise to mentor teams new to LTIBs and to support the select committees as they scrutinise the report
- starting with a single horizon scan and trend analysis to provide a common base for each of the LTIBs.

In late 2023, the Department of the Prime Minister and Cabinet (DPMC) conducted a review of the LTIB process.¹ For the next round of LTIBs, the Policy Profession Board will focus on building a better collective understanding of probable future trends, risks and opportunities, central provision of long-term trends and central co-ordination of discussion on topics.

The remainder of this think piece provides an overview of what the departmental LTIBs covered, highlighting the thoughts of each government department regarding the long-term future of New Zealand. It picks out the key areas identified in the reports where further investigation will be critical to ensure New Zealand has a successful future.

It is important to note that most of the LTIBs are around 60 pages long (though they vary in length between 40 and more than 100 pages). So, summarising the key insights in this short think piece is necessarily a high-level skim of the key points. The list below aims to provide a useful overview to help readers decide whether to look in more detail at any of the individual LTIBs. It will also provide the reader with the opportunity to consider whether the LTIBs initiative has better prepared New Zealand to deal with the uncertainties of the future.

A. Topics covered in the LTIBs

Of the 19 LTIBs:

- four consider economic issues (tax and productivity, long-term fiscal insights; future of New Zealand business and future opportunities for the food sector),
- two consider environmental issues (biodiversity and wellbeing of land), and
- 13 consider social issues, in particular issues of equity and inclusion (thriving whānau, enhancing Pacific wellbeing, educating diverse cultures, community participation, enabling active participation, youth at risk, and imprisonment).

Interestingly, eight of the 19 LTIBs also consider the implications of data and digital technologies for: biodiversity, community participation, precision health (the use of technology and information to provide more precise ways to keep people healthy), improving Pacific data equity, empowering NZ, cyber security and disinformation, autonomous vehicles, and block chain.

Notable topics that are not covered directly (though some are mentioned in the LTIBs) include adaptation to climate change, cost of living, dealing with dilapidated infrastructure, child poverty, mental health challenges, artificial intelligence, depopulation of the regions, supply chain fragilities and caring for the ageing population.

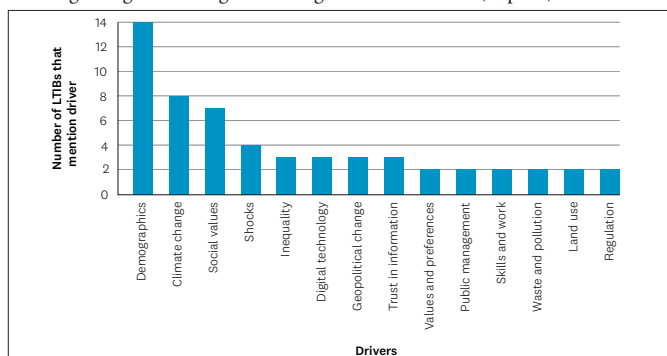
Notably, LTIBs are only one form of investigation or report produced by the public sector. If an issue is not considered in the LTIBs, this does not mean that it has not been considered in another report or policy review. For example, there is no LTIB considering how New Zealand will reduce its carbon, but the Ministry for the Environment has delivered a comprehensive plan² for its approach to this issue.

B. Drivers considered in the LTIBs

All of the LTIBs consider either historic trends or factors that will drive change (e.g. the ageing population). The table below picks out the common types of trend or driver considered in the LTIBs.

Table 1: Drivers of Long-Term Insights Briefings

Source: Menzies, Jackson and Boston, 'An experiment in governmental futures thinking: Long-Term Insights Briefings in New Zealand' (in press).



C. Key recommendations from LTIBs

This section provides a high-level summary of the conclusions from each of the LTIBs. Please note, of the 19 LTIBs published, one, *Future of NZ business*, by the Ministry of Business, Innovation and Employment (MBIE), covers two areas, making 20 in the list below.

\$ Economic

1. Tax investment and productivity

Inland Revenue's (IRD's) LTIB considers how taxes on inbound investment affect incentives to invest in New Zealand, the cost of capital, and how changing the way businesses are taxed would affect productivity.

It explores several options to change the tax settings – lowering the company tax rate, accelerated depreciation, less stringent capitalisation requirements, incentives for business investment and dual income tax systems. It considers the trade-offs and risks with each option alongside the benefits.

2. Long-term fiscal insights

Treasury's LTIB notes that net national debt will rise to 197% of GDP by 2061 if we do not change our current policy settings. Several options are explored to manage this: increasing superannuation age, reforming healthcare or increasing tax. It suggests a combination of these will be needed to manage future debt.

3. The future of NZ's food sector

The Ministry for Primary Industries' (MPI's) LTIB recommends that New Zealand:

- expand the reputation of its food as safe, efficient and sustainable
- diversify exports
- build opportunities in new, growing markets based on detailed consumer and market-led research
- proactively join up the various activities relating to the food sector – export strategy, domestic food security, land use, health, education and tourism.

4. Future of NZ business (A. purpose-led business)

The MBIE's LTIB suggests policies to encourage purpose-led business by:

- supporting awareness and information sharing – information and exemplars
- incentivising purpose-led business – through procurement and tax incentives
- regulating for purpose-led business – for example through mandatory standards and the directors' role.

🔗 Technology

5. Technology-enabled participation

The Department of Internal Affairs' (DIA's) LTIB:

- considers government's role in shaping the future – should the decisions regarding our future be centralised or devolved? What forms of democracy would best serve us in that, and how should we use digital technology in democratic processes to explore and decide our future?
- identifies key policy issues needing further work:
 - treating digital technology as a human right – with the associated responsibilities for government
 - partnering to create exemplars of 'smart' towns
 - investing in technology to connect volunteers, charities and funders
 - using technology to help us reach consensus
 - creating trusted online environments for engagement.

6. New Zealand empowered by data

Stats NZ's LTIB recommends:

- establishing the right regulatory environment for data, which is future-focused, provides assurance, ensures rights are recognised and provides for the interests of iwi and Māori
- setting requirements for use of personal data and data use ethics
- making available datasets of national interest and supporting the integrated use of data and systems across the public sector
- working with participants to value innovation, encourage data sharing and give confidence for investment through a national data strategy.

7. National security

The LTIB of the Ministry of Defence, the Ministry of Foreign Affairs and Trade (MFAT) and others recommends we:

- improve detection and management of disinformation
- cooperate with the private sector on managing cybercrime
- engage in international cooperation to combat cybercrime, cyber hacking, money laundering and drug movements
- development assistance and relationship initiatives with the Pacific Islands.

8. Impact of autonomous vehicles

The Ministry of Transport's LTIB considers the range of policy issues that need to be addressed with autonomous vehicles (AVs):

- How to ensure AVs increase rather decrease access – would a move to shared vehicles be a better way forward?
- What is the safest transition to use of AVs on our roads, is it compatible to have AVs and driven cars sharing roads; and could AVs reduce walking and cycling?
- What infrastructure will be needed, will AV-based access be resilient and how to deal with cyber risks?
- How can we ensure AVs support productivity and what impact will there be on employment and the business models in transport?
- What impact will AVs have on land use?

9. Future of NZ business (B. block chain)

The MBIE LTIB offered three stances Government could take towards block chain use:

- continue with its current approach of enabling business to develop block chain use
- facilitate use and knowledge sharing on block chain
- invest in skills and encourage wider-spread adoption.



Environment

10. Technology-supported biodiversity

The Department of Conservation (DoC) and Land Information New Zealand's (LINZ's) LTIB recommends:

- getting the regulatory, social, fiscal and ethics right for the effective adoption and use of drones, remote sensing, AI and data and genetic technologies to protect our biodiversity
- ensuring the use of these technologies is integrated and that we have the skills to use these technologies
- building social trust in the technology and considering Māori sovereignty issues relating to data.

11. Ensuring the future wellbeing of people and land

The Ministry for the Environment's (MfE's) LTIB notes that our land and soil is facing pressure, which could lead to long-term harm to the land we depend on. It recommends a long-term view, which must:

- be integrated across all policy areas
- be supported through better visibility of the impact of decisions on the environment

- embed an intergenerational view
- be inclusive in engagements on land use
- actively connect all actors considering the future
- embrace innovation to respond to the challenges.



Social

12. Enabling active citizenship

The Public Service Commission's (PSC's) LTIB recommends that New Zealand:

- adopt a common framework for engagement; with departments identifying how their engagement fits within that framework, with associated reporting on engagement
- increase the use of deep and deliberative engagement and adopt innovative approaches to engagement supported by technology
- set targets for improvements in engagement supported by an investment in skills in the public sector and communities that have the necessary support to engage.

13. Implications of our ageing population for housing and urban form

The Ministry of Housing and Urban Development (HUD) LTIB recommends that with an ageing population we need:

- more affordable housing
- diversified tenure choices
- increasing diversity and functionality of the housing stock
- neighbourhoods, towns and cities designed for access

14. Precision health

The Ministry of Health's LTIB recommends that precision health should be realised through:

- systems to enable evidence-based decisions on precision health
- national infrastructure to support precision health
- necessary safeguards and regulations for precision health
- a workforce skilled in precision health
- considering implications for Māori
- clarity on giving informed consent on precision health.

15. Youth at risk of low employment

The Ministry of Education (MoE) and Ministry of Social Development's (MSD's) LTIB estimates 22% of those aged 16 to 24 will have limited employment opportunities, increasing the risks of long-term employment benefit dependency and associated wellbeing and mental health issues. It recommends helping those young people by:

- improving parenting programmes and training for teachers on early learning development
- developing a more inclusive teaching workforce with partnerships with iwi and community organisations
- better preparing children through career advice and work experience
- providing seamless support.

16. Insights on prisons

The Ministry of Justice and Department of Corrections' LTIB recommends:

- as the prison population ages, new approaches will be needed
- investments in infrastructure and approach to service delivery should recognise the ageing of the prison population and large proportion of Māori and Pasifika
- the root causes of Māori over-representation should be addressed
- enabling community-led responses
- using technology to deliver new types of oversight, better connections with communities, supporting rehabilitation through education and better connecting the various services.

17. Thriving whānau in 2040

Te Puni Kōkiri (TPK) recommends that to create a future pathway to support Māori to achieve their goals we need:

- innovation in service delivery to meet the needs of iwi and Māori
- a whānau-centred approach to delivery of services and policies
- effective pathways to develop and support Māori entrepreneurs
- diversification of skills beyond primary and construction sectors.

18. Using data to enhance Pasifika wellbeing

The Ministry of Pacific Peoples' LTIB recommends:

- improved collaboration with Pasifika, including building Pasifika data literacy skills and Pasifika-led data processes
- greater collaboration with Pasifika to ensure data processes meet the needs of Pasifika
- using indicators to monitor effectiveness of policies for Pasifika.

19. Education for children embracing diverse cultures

The Education Review Office's LTIB recommends:

- ending racism in schools
- changing the languages and religions taught in schools
- investing in teachers, understanding of the various cultures and recruiting a more diverse teaching community
- increasing the visibility and voice of ethnic communities.

20. Key things influencing the cultural sector

The Ministry for Culture and Heritage's (MCH's) LTIB recommends key actions to influence the vibrancy and resilience of the culture sector:

- place te ao Māori and Te Tiriti at the centre, increase Māori leadership
- collect evidence of the value of the culture sector
- find innovative ways to fund the culture sector
- use digital technology to connect the sector and tell the story
- use the sector to appeal against climate change.

D. Areas for further investigation

Below is a list of the areas for further investigation suggested in the LTIBs. The majority were taken directly from the LTIBs, but where there was no direct suggestion, I have suggested an area based on the conclusions in the LTIB.

It is important that departments build on the first round of LTIBs. The following list should be fed into the process as departments decide their topics for the second round of LTIBs. These should be considered alongside other sources for possible topics, such as the World Economic Forum's Global Risks Report³ and the reports of other nations, such as Australia to 2050: Future Challenges.⁴

Economy

- a. How should New Zealand change its tax settings to increase productivity and wellbeing?
- b. What is a prudent level of debt for New Zealand, and what policy settings will achieve it whilst delivering a fair solution?

Technology

- c. How can we engage and gain support from society on changes needed to respond to the poly crisis? (This is in the technology section; the LTIB considered how technology could be used to enable active citizen participation.)

- d. How can we provide freedom of expression while protecting people in the digital world?
- e. How can we create a national data system that is trusted, equitable and reflects Te Tiriti to drive innovation and improve wellbeing?
- f. How can we maximise productivity and wellbeing through effective management of the cyber environment?
- g. Should New Zealand adopt a proactive approach to the use of autonomous vehicles in ways to support productivity and well-being? If so, what steps should it take to capture opportunities and manage risks?
- h. Would greater alignment of business activities to society's goals increase productivity and wellbeing and if so, should government be more proactive towards increasing alignment?
- i. What steps should New Zealand take to maximise the benefits and reduce the risks of block chain?

Environment

- j. How can we create cost-effective and landscape-wide biodiversity systems for New Zealand to deliver value while respecting iwi, hapū and communities?
- k. What strategic changes are needed in the food sector to capture opportunities in emerging markets whilst ensuring domestic food supply security and meeting health and wellbeing goals?
- l. What are the priorities to ensure the wellbeing of land and people and how to fund the changes needed?

Social

- m. How can we align incentives for all involved in housing and urban design to ensure that investments made today take us on the pathway that will match future demands?
- n. How can we deliver improvements in equitable health outcomes and efficiencies in health service delivery through precision health – that empowers the individual and embeds Te Tiriti?
- o. How can we create a more strategic relationship between the education sector and business that will improve productivity and wellbeing?
- p. How is it best to respond to the effect of changing socio-economic drivers, both to reduce offences and to support, rehabilitate and reintegrate offenders into society?
- q. What is the optimum way to engage communities and voluntary organisations to deliver productivity and wellbeing?

Culture

- r. What requirements should we set to deal with racism in schools, and what is the appropriate level of monitoring?
- s. How much should the school system adjust to accommodate the increasing diversity of cultures present in New Zealand?

For more information

All 19 New Zealand government departments' LTIBs can be found on our table of 2021-23 Department Consultation on Long-term Insights Briefings, see www.mcguinnessinstitute.org/research-projects/civics-nz/long-term-insight-briefings

References for this think piece can be found on the McGuinness Institute website at www.mcguinnessinstitute.org/publications/think-pieces

