

Gauntlet

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CATCHING AUSTRALIA BY 2025 - AN ALTERNATIVE APPROACH

SIR ROGER DOUGLAS

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E-GOVERNMENT

Stefan Reuker

"e-Government refers to the systematic use by government agencies of Information and Communications Technologies (ICT) that have the ability to transform relations with citizens, business and government." (World Bank, November 2002).

In 2001, with a view to becoming a world leader in e-government, a Ministerial Advisory Group reviewed public services management. Their report, 'Review of the Centre', analyses central and local government and recommends restructuring the operations of the Public Service.

It considers the major issue requiring attention is the interface of Government with citizens, particularly on cross-cutting issues where multiple agencies were involved.

The report states that, e-Government would:

- make it easier to merge data and computer systems and hence departments ;
- cause Governments to change financial allocations and increase accountability; .
- cause centralisation of IT infrastructure which, in turn, should cause agencies to focus less on technical detail and more on relationships and business objectives;
- facilitate devolution by including local government; and
- enable more precise client targeting.

STATE SERVICES COMMISSION

In New Zealand co-ordination of Ministerial policies is achieved through Cabinet and its various committees. Co-ordination of public service delivery lies in the hands of the State Services Commission (SSC) which created the 'E-Government Unit' (EGU).

THE E-GOVERNMENT STRATEGY

By June 2010, the strategy requires that "the operation of government will have been transformed through its use of the Internet."

This will make it possible for Government to be more proactive in reminding citizens to meet an obligation, or be advised of an entitlement and specifies that central agencies hold personal information to help them 'push' services out to their clients and customers.

"Traditional service delivery channels", such as counter, telephone and postal, will be used less as e-Government channels are taken up and greater choice is available as to who delivers services including public sector agencies, intermediaries, or even private sector providers.

It also presumes that cross-agency service integration will be the norm in government.

Services will be increasingly targeted at individuals (people or business), based on their personal circumstances and previous interactions with the Department or Agency.

The measures of success are better value for money for the tax-payers who pay for the public service, ease of use and flow of service for the users and a consequent savings in money, time and effort meeting by agencies.

International examples show E-Government has other benefits such as improved public service management, new service delivery channels, new service innovations, increased government transparency and trust, fiscal savings, business compliance cost reductions, revenue growth, and increased democratic participation.

THE RISKS INVOLVED

No e-Government strategy can be considered sound unless the risks are correctly assessed and the most effective technological, procedural and universal risk management solutions are instituted.

E-Government requires a higher level of staff training in risk management, better understanding of the nature of the new risks posed by "digital



government" and publicly available routes to handle breaches.

E-Government means that a lot of eggs previously farmed out among departments and fenced off from each other will now be in one large central basket.

This exponential increased the risks. Imagine say you are in Taumaranui wishing to renew your milk delivery licence or some such mundane transaction with government.

The filling in of a form has been replaced with the convenience of doing the transaction at home from your computer.

When the line from Khandallah is cut by a backhoe operator, transactions have effectively ceased for everyone north of Wellington. Under the old system of paper government clients happily continued filling in their forms for processing and a few days later the prized certificate would appear in the mail.

E-Government has the potential to make significant improvements to the quality and processes of government.

All the eggs in one basket confers large savings, convenience and efficiency for all parties to the transaction at a much higher risk.

Unless the obvious provisions is made for the switching of transactions at mirror data sites placed elsewhere in the country, or access by cable or satellite which bypass the breach trust and confidence is eroded, business is hindered and the faith in E-Government as a way of doing business with the Government, is itself put at risk.

The aggregation and central collection of data places higher levels of responsibility on Government for state of the art risk management planning and implementation.

THE ART OF DATA-MINING, DATA MATCHING

For Government the combination of data matching and centralised databases and the application of various artificial intelligence algorithms presents an opportunity to detect tax fraud or find poor quality records.

In 2005 about 10% of New Zealand e-government services have some form of low-level artificial intelligence technology embedded, since then the percentage is likely to have increased as well as the sophistication of algorithms employed.

Data matching has been a great success in detecting previous inefficiencies in public record keeping as well as in the detection of fraud.

Under the old public service model every agency and ministry maintained their own information and transaction silos.

For instance, when a convict served a prison sentence under the Ministry of Justice, the Department of Work and Income would not be aware of this fact and frequently continued paying the full social welfare rate to the prisoner's bank account. Following a data matching exercise between the Ministry of Justice and WINZ this was eliminated.

In consultation with the EGU, the two ministries decided to set up a shared-service between them that immediately informs either department of the status of the individual to whom they are providing public services.

Great fiscal savings have been achieved based on these exercises. The number of data matching projects has been steadily increasing. In 2004 there were 28 projects to match information across agencies, in 2007 there were 75 such projects.

E-GOVERNMENT AND LEGISLATION

The implementation of Digital Government is not just connecting wires and hooking up databases. The statutory framework has also been changed, but there are still gaps.

The Electronics Transactions Act 2002 provides that transactions involving electronic communications ►



have the same effect as paper based transactions but the Privacy Act 1993 still needs revision to remove barriers for inter-agency information sharing.

THE UPTAKE OF E-GOVERNMENT

The SSC "Kiwis & Government Online Survey 2008" records that 88% of the population use e-Government online services for finding information, 55% for using government services, 54% for online forms, 40% for online payments and 27% for submitting information or a return.

The United Nations "E-Readiness Survey 2008" places New Zealand 18th in the world for e-Government readiness and 6th for participation.

New Zealand ranks well in terms of e-Government services for e-participation and e-democracy but our relatively poor track record in broadband has held us back as a nation.

LOW BROADBAND INVESTMENT IS A THREAT TO DIGITAL GOVERNMENT

Without high-speed broadband, as a nation we will miss out on the benefits of the digital age, will fail to be technologically competitive, and will be limited in our ability to engage with the rest of the world.

In the year to December 2006, New Zealand had one of the highest growth rates in broadband uptake in the OECD.

However, as a nation we are still well behind our international counterparts in our adoption of broadband technology.

In December 2006, broadband subscriptions in New Zealand were just 14% and New Zealand's overall OECD relative ranking was 21st out of 30 countries, between Portugal and Italy. In contrast, Australia was 19.2%, the U.K. 21.6%, Canada 23.8% and Korea 29.1%.

In the next five years, the government is committed to delivering fibre-to-the-premise connections to businesses and public institutions (secondary schools, tertiary and research institutes, hospitals and libraries) in major centres, and significantly increased bandwidth connections throughout the country.

More importantly the private sector has committed \$2.5 billion in investment to 2012.

THE AOTEAROA PEOPLE'S NETWORK

The Digital Strategy 2.0 contains a commitment to rollout a national network of digital hubs, building on the successful start made by the Aotearoa People's Network, which provides computers, training, and mentoring and Internet access in public libraries.

Without high-speed broadband we will miss out on the benefits of the digital age and will be limited in our ability to engage with the rest of the world.

These hubs are a key part of the Strategy's commitment to digital literacy – giving New Zealanders the skills and confidence to use digital technologies.

Providing appropriate opportunities for people to create, share and use digital content is an essential avenue towards creating a digital society.

The digital divide, which leaves some sections of society isolated from all the improvements that have been happening, is presently still too great.

There is significant stratification in access to Internet, broadband and digital literacy and access. Around 30% of households still do not have access to a computer at home, and 35% do not have access to the Internet. This compares to just 14% that do not have personal access to a mobile phone.

Social exclusion from a digitally divided New Zealand will continue to be a concern for government until all our broadband strategic goals have been achieved. ▶



E-GOVERNMENT AND BUSINESS COMPLIANCE COST REDUCTIONS

Compliance costs are the administrative and time costs of complying with legislation, as opposed to the substantive costs imposed by legislation.

In 2008 the Taxation Act (due to the added work of KiwiSaver), Health & Safety in Employment Act, Employment Relations Act, and Accident Compensation Act were the most costly. Additional future compliance costs will result from the introduction of an Emissions Trading Scheme in 2010.

Business compliance costs are inhibiting investment, competitiveness, business growth and innovation.

Over the past five years more e-Government services have been deployed than the majority of the business community and the public is aware through lack of advertising and promotion, which in turn means that the maximum economic benefits for government and business alike cannot be fully achieved.

Economies of scale cannot be achieved unless the vast majority of the population uses government online services. Each agency requires enough uptake to make it economically viable.

Some departments have requested changes to legislation so as to mandate certain digital services to the exclusion of other "traditional service delivery channels". The SSC persistently rejects mandatory uptake measures; however the uptake issue does need to be addressed.

Agencies are self-financing their e-Government services, and this means that they have to sacrifice part of their departmental budget to manage and pay for advertising and promotion of their online services. Therefore agencies target their spend at key customer groups, professional associations, professional intermediaries and mail out campaigns.

A national broadcast campaign to promote online government services would likely be sufficient to raise awareness of government online services from the current 44% of population to as much as 80-90%

of the population.

This would create a substantial stream of public sector cost-savings and compliance cost benefits to the business community and hence overall economy.

According to the e-Government Unit, business compliance cost reductions were achieved through:

- a) Investments in technology,
- b) Simplification of processes.

Perhaps more could be achieved if the government were to add:

- c) Advertising and promotion.

Judging by the process improvements in business compliance management due to e-Government over the traditional service delivery channels, cost savings of 70-90% have been achieved, with some processes being completely eliminated due to cross-agency shared service efficiencies.

Stefan Reuker





Hon Richard Prebble CBE is a former MP, minister and ACT leader. One of the architects of the SOE model, former transport minister responsible for port reform, and as broadcasting minister, conducted the world's first auction of radio spectrum. Now company director and occasional media commentator.

Roger Hay is a retired architect who, early in his career, specialised in the design of hydro-electric power stations and universities. His special interest in rationalising the methodology of building controls resulted from his seven year involvement in the R&D of an industrialised, high quality/ low cost housing system that was technologically, globally innovative. This Kiwi venture targeted the low cost end of the American housing market, then monopolised by its mostly low cost/ poor quality mobile home industry. However, America's then technologically-primitive house building codes prevented the Kiwi venture from getting any traction in that market. Frustrated by this, Hay joined NZ Standards to find out how building controls could best be reformed. Hay ended up managing the five-year long reform of New Zealand's then primitive (and very unsafe) fire safety design standards. The results of that work now form three major clauses of the NZ Building Code.

Dr Willem de Lange is Senior Lecturer in the Department of Earth and Ocean Sciences, University of Waikato. He is also a former Intergovernmental Panel on Climate Change Reviewer. His research interests include Oceanography, coastal processes and climatic hazards; tsunami and storm surge prediction and mitigation; wave-induced sediment transport on the continental shelf and within estuaries; dispersal of materials in the coastal zone and numerical modelling. He is the author of 109 peer reviewed publications.

Pat Ryan is a nom de plume for an environmental professional. Pat has chosen to use a nom de plume to protect day time employment.

Sir Roger Douglas. In a parliamentary career spanning three decades, Douglas spearheaded new financial thinking and a radical overhaul of the economy: The deregulation of external trade barriers, the floating of the dollar, the establishment of a framework for a stable fiscal and monetary policy, internal deregulation to force more competition into the New Zealand economy and the reform of the public sector. He remains a significant financial policy thinker and is currently a back-bench member of the ACT caucus.

Stefan Reuker (BBUS, Dip I.T., Dip Mgmt, Dip Admin) is an Auckland-based management consultant specialising in business, I.T. management and software development. He has conducted in-depth qualitative research into e-government and business cost reductions with the assistance of the State Services Commission (Wellington) and Auckland University of Technology.



