



# Understanding People, Better Outcomes

## Behavioural Insights in NSW

THE  
BEHAVIOURAL  
INSIGHTS TEAM ◆



Premier & Cabinet  
Behavioural Insights Unit



## PREMIER'S MESSAGE

The New South Wales Government strongly supports innovative approaches to policy development and delivery. We're looking to do things differently in our efforts to improve the quality and value of the services we provide for the people of New South Wales.

Our use of Behavioural Insights supports our commitment to put people at the centre of government. By focusing on how, why and when people make the choices they do, we can design and deliver better services, with greater efficiency. From generating more funding for life-saving equipment in our public hospitals to supporting injured employees to get back to work sooner, this innovative and fresh approach is already making a real difference across the State.

New South Wales is now among the world leaders in the application of Behavioural Insights to public policy. We've set up a dedicated central team and work program - the first of its kind in Australia.

*Behavioural Exchange 2014* reflects our support for this innovative approach, showcasing how we work with international leaders in government, the private sector and academia to improve the way we deliver services.

We've already achieved some good results, but the use of Behavioural Insights in government has the potential to tackle bigger and more complex social problems, and help transform the customer experience across the public sector.

# ACHIEVEMENTS

## 60,000



late fees avoided

### TAXES AND FINES

New fines notices are being rolled out across NSW.

This equates to an additional \$10m in fines being paid by their due date each year.

Over 60,000 late fees will be avoided, saving the people of NSW \$4m each year.

## \$11m



additional revenue and cost savings

### HEALTH

Our trial supporting patients' use of private health insurance is now being replicated in 3 local health districts.

This is projected to result in \$11m in additional revenue and cost savings to fund frontline hospital services. This could pay for either:

- » 131 registered nurses;
- » Treating 2,450 acute patients;
- » 30 staff specialists;
- » Performing 545 hip replacements.

## 27%

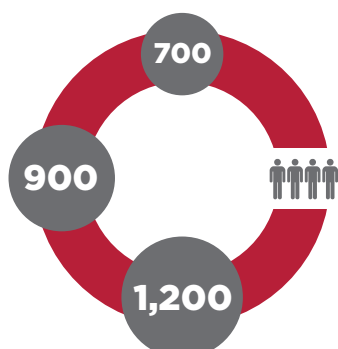


faster return to work

### RETURN TO WORK

In our trial, injured employees returned to full capacity 27% faster in the first 90 days.

Workers in the trial were nearly 3 times more likely to have completed their claims within 30 days.



### BI COMMUNITY OF PRACTICE

4 Behavioural Insights Unit members have:

- » Trained over 700 officials in our BI Master Classes;
- » Hosted events for over 900 people;
- » Signed up over 1,200 people to our Community of Practice.

# WHY NSW USES BEHAVIOURAL INSIGHTS

Behavioural Insights (BI) helps us understand human behaviour and decision-making. We use these insights to design policy in ways that help people to make better decisions for themselves and society. This often requires us to question the premise that people act like the rational, self-interested decision-makers described in standard economics textbooks, or behave in the way that government expects.

We know from our own lives that we often fail to do what's best for us, despite our good intentions - whether it be exercising more, saving money or eating healthily. We can use this understanding of how humans really behave in everyday life to design and implement better policies and services.

In NSW, we use BI because this approach:

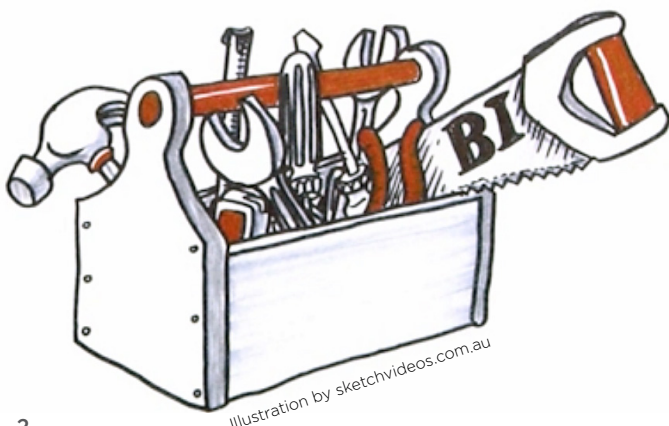
- » Provides a new way of looking at public policy challenges by grounding our thinking in the everyday realities of human behaviour;
- » Helps generate low-cost interventions that deliver a strong return on investment;
- » Complements other - more traditional - government tools (e.g. regulation);
- » Helps reduce red tape;
- » Supports an efficient customer-focussed public sector;
- » Empowers frontline workers;
- » Supports evidence-based policy.

## DPC Behavioural Insights Unit

In November 2012, the NSW Department of Premier and Cabinet (DPC) established a partnership with the UK Behavioural Insights Team (BIT), who pioneered the application of BI in government.

This partnership enabled us to establish our own Behavioural Insights Unit, which now includes four DPC policy officers, as well as support from the UK BIT. This is the first centrally staffed team in Australia to focus on applying behavioural insights to public policy. The three key objectives for the Unit are:

- » To run **major trials**, provide **policy advice** and **support NSW government agencies** that are running their own behavioural trials and interventions;
- » To **build the capability of the NSW public sector** to apply BI through training, resources, and hosting events with leading thinkers and practitioners;
- » To **contribute to the global body of BI evidence** by collaborating with academia and publishing NSW trial results.



# HOW BEHAVIOURAL INSIGHTS ARE USED IN NSW

Our approach is collaborative and evidence driven. We work with partner agencies to understand the problem and design solutions, and then trial interventions to help identify what works.

Drawing on the UK BIT's methodology, we start by defining the problem and desired outcome, and are then guided by three key iterative phases:

## Understand the issue and context

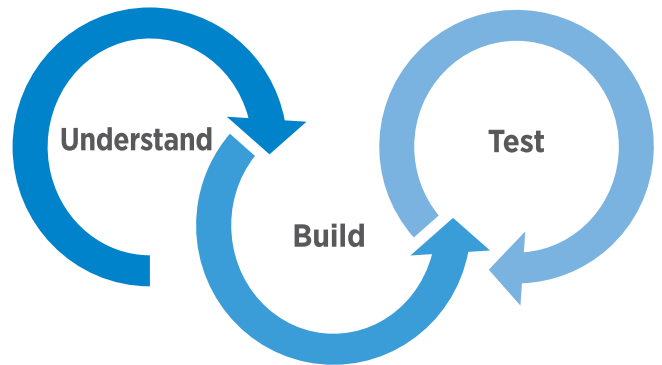
We identify exactly what behaviours we want to change and try to really understand the context from both the users' and providers' perspective. So, we spend time doing 'fieldwork' i.e. observing the delivery of services and speaking to the people involved – usually citizens and frontline staff.

**KEY TOOLS:** Data analysis and fieldwork

## Build your insights and interventions

The design of our interventions is an iterative and collaborative process. We draw on our fieldwork findings, academic research and UK BIT's 'MINDSPACE' framework to develop insights about the behavioural bottlenecks and enablers. We also run workshops with frontline staff and use the UK BIT's 'EAST' framework to generate ideas for interventions. This may range from simply changing a form or letter, to fully redesigning processes and delivery systems.

**KEY TOOLS:** The MINDSPACE and EAST frameworks, behavioural research, and staff workshops

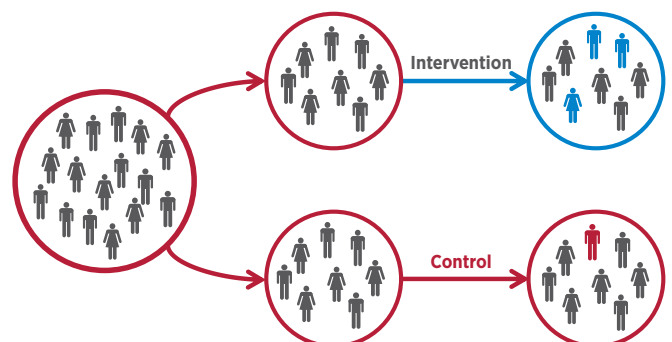


## Test, learn, adapt

When we introduce the intervention(s), we want to determine the impact in the most rigorous way possible. Where we can, we use Randomised Controlled Trials (RCTs), which compare the effectiveness of our intervention(s) against what would have happened if nothing had changed (the 'control group').

Once the trial period has ended, we evaluate the results and then take forward the most effective interventions. This might include further trialling, before rolling out across the State.

**KEY TOOLS:** RCTs and multi-arm trials



We're testing ways to increase payment rates for taxes, fines and debts in NSW, by making notices easier to understand and encouraging prompt payment.

**TRIAL PARTNER: Office of State Revenue (OSR)**



**Changes to payment notices can generate revenue to invest in government services**

OSR collects more than \$19 billion revenue from taxes, duties and fines each year. More efficient and timely collection can generate savings which are used to fund important government services like schools and hospitals.

Trials run by the UK BIT show that subtle and low-cost changes to letters and notices can have substantial impacts and financial benefits. So, we made the payment of taxes, fines and debts our first candidate for applying BI in NSW, and worked with OSR to identify a series of key notices to trial.

We spoke with frontline call centre and compliance staff to both understand customer behaviour and develop ideas for improving communications. This identified that people were not always sure what specific notices and legislation meant, what actions they were required to take, or the consequences of non-payment.



**We made the actions required and enforcement process easier to understand**

Drawing on lessons from the UK, as well as the latest academic research, we redesigned payment notices using a range of behavioural techniques, including:

- » **Salience** - we introduced clear calls to action, for example by developing a series of prominent stamps (such as 'Pay Now'). We also translated legislation into plain English to clearly spell out the consequences of not responding.
- » **Priming** - we attempted to create greater differentiation between the distinct stages of the fines and enforcement process, using colour and language to clearly escalate the tone of the communications (e.g. shifting from blue to red and from 'amount owed' to 'you owe' as people move further into enforcement action).
- » **Social norms** - we highlighted that the majority of people in NSW comply with their obligations, for example stating that '8 out of 10 people pay their land tax on time'.



**Our new notices have generated substantial savings and are being rolled out across NSW**

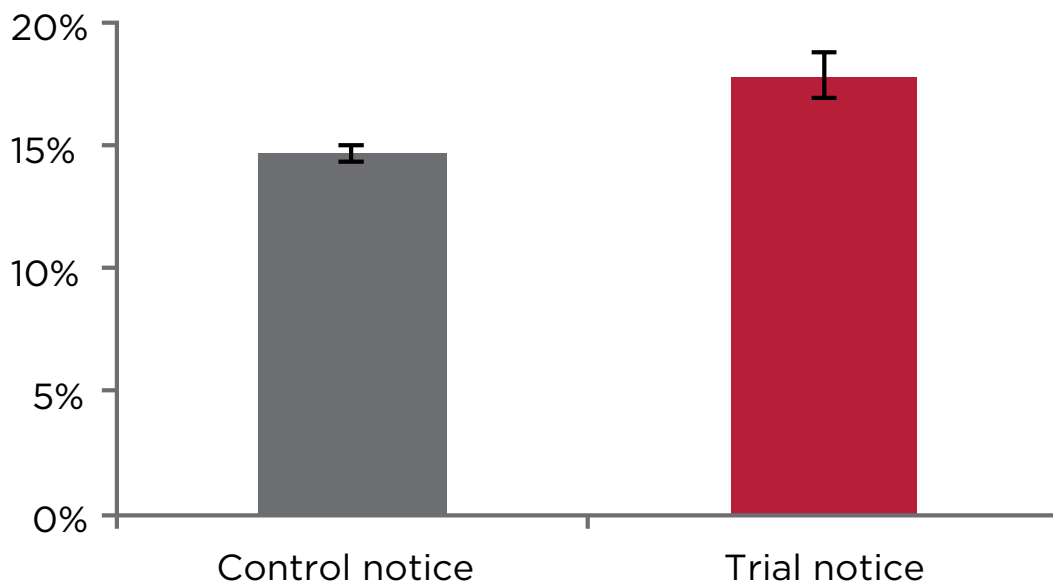
The first trials went live in February 2013, and the results so far have been very encouraging. Successful trial notices are now being taken to scale across NSW and are generating significant savings for the government and citizens. For example, our Enforcement Order trial saw an increase in payment of 3.1 percentage points (see graph below). These new notices are now being taken to scale and are estimated to result in **\$1.02 million in additional payments, as well as 8,800 fewer vehicle registration cancellations and driving licence suspensions.**

New penalty notices and penalty reminder notices are being rolled out across the 2.7 million fines issued each year, which is forecasted to result in an **additional \$10 million in fines being paid** by their due date each year, **saving citizens \$4 million in enforcement fees annually**, as well as \$80,000 in printing costs alone.

As well as rolling out successful notices, we're now working with OSR on a second phase of trials in areas ranging from reducing suspension of vehicles to improving citizens' and business' understanding of current tax processes.

***“Applying behavioural insights has allowed us to make our letters and notices simpler and easier for people to respond to. By helping people to take action, we are supporting the community to avoid further sanctions.”*** OSR Manager

**Payment rates of Fines Enforcement Orders**



We're working to support patients' use of private health insurance (PHI) in public hospitals by empowering frontline staff, simplifying processes and providing more tangible benefits.

**TRIAL PARTNERS: Ministry of Health, Western Sydney Local Health District & Westmead Hospital**



**The use of PHI in public hospitals helps to fund life-saving care and equipment**

Westmead Hospital is one of NSW's largest public hospitals. Around half of all admitted patients come through the Emergency Department (ED), and around 16% of these patients use their PHI, compared to a State average of 20%.

We spent several weeks undertaking fieldwork in the Hospital to understand the behavioural barriers and triggers for using PHI, from the patient, administrative staff and clinical staff perspective.

We found that many patients were concerned about being hit with out of pocket costs, whilst the benefits of using PHI - for patients or the hospital - weren't easily visible or understood. In addition, the process for electing to use PHI was more complicated and onerous than electing to be a public patient.



**We simplified processes and created tangible benefits for patients and staff**

Building on our fieldwork, we worked with staff members to make the process easier to understand for patients and the benefits more salient. We drew on a range of behavioural techniques, including:

- » **Loss aversion** - we worked with hospital executives and staff to clearly communicate to patients that they would not face any out of pocket costs or burdensome billing when making an informed election to use their PHI.
- » **Incentives and reciprocity** - we introduced tangible benefits for patients and staff. For example, overnight toiletries bags for patients provided an immediate and visible reward. Similarly, a proportion of the additional revenue generated was reinvested in life-saving equipment selected by the ED staff.
- » **Affect and Ego** - we redesigned communication materials to highlight that revenue from PHI directly benefits patients and staff in the hospital.





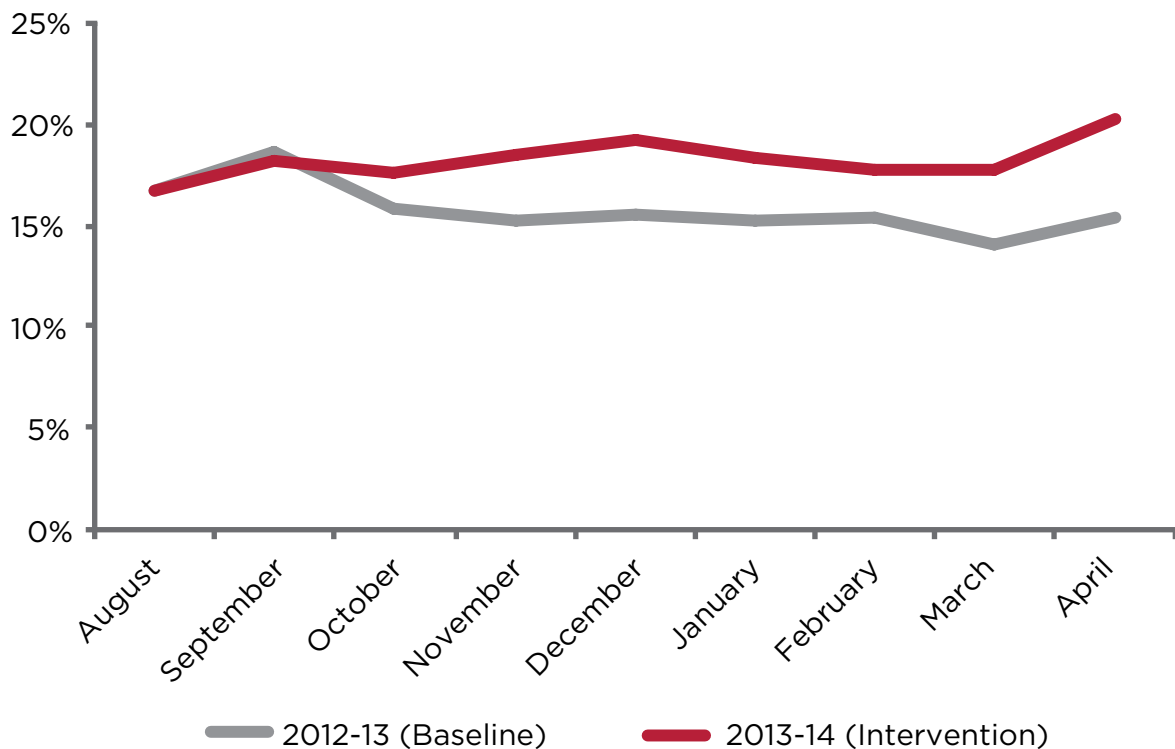
## Use of PHI increased significantly and we're now replicating the trial in other hospitals

The Westmead Hospital trial began in August 2013 and has increased the use of PHI from a baseline of 16%, to an average of over 18%<sup>1</sup>, as outlined in the graph below. This equates to an additional \$1.6m in revenue and costs savings to date. Importantly, the changes introduced were also viewed positively by patients and staff.

We're currently taking the model to scale in other Local Health Districts with low PHI usage rates. The first replication trial is with Auburn Hospital's ED. This has had an immediate impact, with usage rates for patients admitted from the the ED tripling after two and a half months — from a baseline of just 2% to 6%. We have identified an additional two Local Health Districts to work with next, and if similar improvements are achieved within their EDs, this would generate an estimated **extra \$11m in additional revenue and cost savings.**

***“Being in an ED is often quite overwhelming for patients and relatives, the last thing they want to think about is signing a number of forms. The forms are now auto populated, clearer and there are fewer of them, so the trial has actually made things easier for my staff, the patients and their relatives”*** ED Clerical Manager at Westmead Hospital

**Proportion of patients admitted from the ED using private health insurance**



<sup>1</sup> Benchmarked against the same six months in the previous year.

We're working to help injured employees get back to work sooner by providing more personalised support.

**TRIAL PARTNERS: Treasury Managed Fund, Allianz  
& Department of Education and Communities**



**Getting injured workers back to work quickly and safely is the best outcome for all parties**

It is widely recognised that long-term absence from work is harmful to physical and mental wellbeing. Returning safely and quickly to work has strong benefits for the individual, their family, employer and the broader sustainability of the workers compensation system.

We held workshops with case managers and observed interactions with injured employees to better understand the challenges faced in returning to work after an injury. This identified that there was a large amount of paperwork and overlap between the responsibilities of different parties involved. Injured workers were also quite passive in the process, with 'injury management plans' largely devised by the doctor, insurer and employer, with little active input from the worker.

We also looked at how we could learn from international practice in related fields, such as the BIT's use of commitment devices in job centres in the UK. Together, the research and fieldwork highlighted opportunities to create a more dynamic system, which reduced paperwork and focused more on what specific actions each of the parties involved would take to support the employee's recovery and return to work.



**We're encouraging workers to actively engage with their recovery process**

We trained staff to focus more on building rapport and achieving outcomes, rather than satisfying process requirements. We also attempted to create a more collaborative relationship between the worker, insurer and employer, which encouraged workers to take a more active role, for example by using:

- » **Simplification** – communications with injured workers have been radically reduced and simplified, so that it is easier for workers to understand their key responsibilities, as well as those of their insurer and employer.
- » **Priming** – consistent messaging on recovery and returning to work, rather than focusing on 'injury management'. Negative priming through the blanket use of legislative terms – such as 'significant injuries' – have been removed.
- » **Commitments** – to encourage workers to take ownership of their recovery, they are asked to make personal commitments to support their return to work e.g. "I will walk for 30 minutes after breakfast on Mondays and Thursdays".



## Our trial results show that we're supporting injured employees to return to work faster

The trial went live in September 2013 and will run until July 2014. Around 1600 claims have been through the trial processes so far, and initial results are encouraging. For example, injured employees returned to full capacity 27% faster in the first 90 days in the trial compared to the control group.

In addition, workers in the trial were nearly 3 times more likely to have completed their claims within 30 days, which has flow on benefits in terms of reducing costs and freeing up staff to focus on more complex claims.

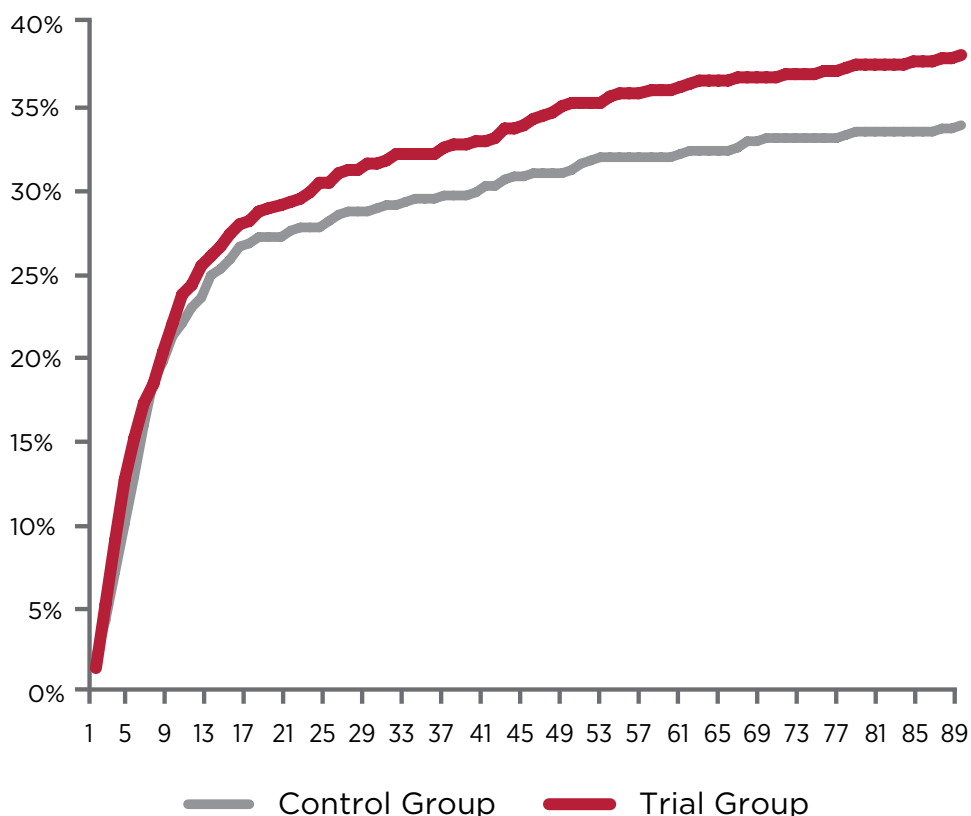
Crucially, qualitative feedback suggests that both staff and injured workers find this new approach more engaging.

Based on our findings, we've provided advice to a Treasury Managed Fund (TMF) review, which will assist in shaping the training and outcome measures for new Return to Work Coordinators. Pending the full results, we're also looking to test our approach more widely in the TMF and in the Workers Compensation Scheme.

***"I'm noticing from my conversations with injured workers that they actually give us some great information that we can use as goals and actions without even asking for them, we just need to listen more. The new process has really opened my mind and ears up to what these workers say and how we can work with them"***

Allianz Case Manager

**Proportion of workers returning to full capacity**



# GROWING A BEHAVIOURAL INSIGHTS COMMUNITY IN NSW

As well as partnering with agencies to drive major BI projects, we also provide a range of advisory support. We're reaching out across the sector to ensure that BI becomes a key part of policy makers' toolkit.

## We have supported agencies to run large scale BI trials ...

We collaborated with the Office of Environment and Heritage and a range of external partners to test the use of behavioural techniques to increase the uptake of the Home Power Savings Program and the energy savings achieved by participating households (over 40,000). This includes a large scale RCT, with results available in 2015.

## ... and worked with a range of organisations to run their own behavioural interventions

We're working with the Ministry of Health's Centre for Preventative Health to run an RCT to test interventions to increase the take up of workplace health screening and other referral services. The trial is live and results are expected by June 2014. We have also supported the Cancer Institute NSW to test how to increase the take up of cervical screening.

## We also feed in to policy design and development ...

Where we cannot run trials we provide recommendations from a behavioural perspective into the policy-making process. For instance, we worked with Transport for NSW and City of Sydney Council to increase uptake of the late night bus services on Friday and Saturday evenings in Kings Cross, which resulted in new ticketing, routing and wayfinding being implemented in 2013.

## ... and have created a burgeoning community of BI practitioners

Our aim is for BI to become a part of everyday policy conversations, with a more nuanced understanding of human behaviour embedded across government. We're not there yet, but there is a real sense of momentum behind the use of BI in NSW. Demand from the sector for advisory support, BI training, and public events has grown continually over the past year.

We have trained 712 officials through our 'master classes', with 93% of participants surveyed rating the sessions as 'excellent' or 'very good'.

We have run four BI events featuring a range of international and local speakers, which were attended by 500 people. We also hosted *Behavioural Exchange 2014* - the world's first global public policy behavioural insights conference, which brought 400 people from the public, private and academic sectors from around the world to Sydney.

In addition, we've established a dedicated BI Community of Practice to foster a network of practitioners across NSW. The community encourages people to share their ideas and experiences, and allows people to engage with leading thinkers in the field. This is supported by an online platform (<http://bi.dpc.nsw.gov.au>), which has over 1,200 registered participants, from across NSW, Australia and internationally.

# REFLECTIONS

Initial results from our trials are very encouraging, thanks largely to the commitment, collaboration and willingness of our partner agencies to try new things. The key lessons we've learnt are:

## BI works in NSW

It is still very early days for the application of BI in government, particularly in Australia. So it wasn't clear whether behavioural techniques and frameworks developed in the UK would work in the NSW context. However, we've successfully replicated established techniques from the UK, for instance, the use of social norms and simplification of tax letters. This has enriched the international evidence base, demonstrating that similar techniques can work in different countries.

Our trial results also demonstrate that low-cost, subtle changes to communications and delivery mechanisms can substantially improve policy interventions, and can offer an alternative to more expensive regulatory approaches.

## Context and details matter

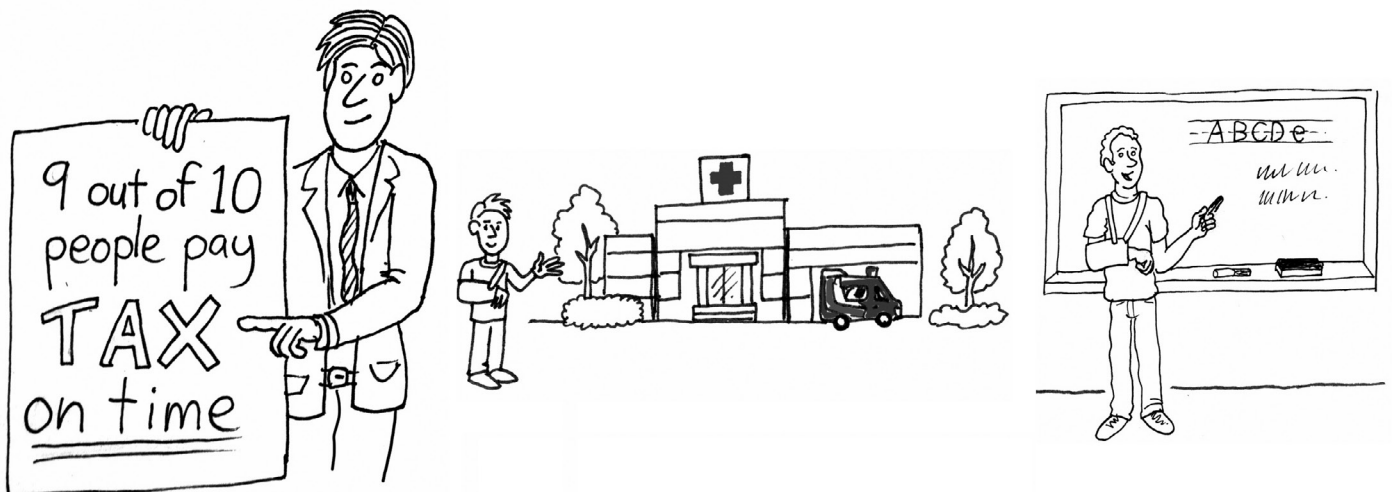
Whilst we have shown that BI techniques can be successfully translated across national borders, the differences are crucial too.

We are tailoring interventions to local contexts, as well as breaking new ground, from simple communication changes (e.g. clear call to action stamps on fines notices) to more complex interventions (e.g. running trials in the life-and-death environment of hospital Emergency Departments).

## Frontline staff are leading the way

Many of our best insights and ideas for interventions have come from conversations with frontline staff. These workers continually interact with people, so are acutely aware of the everyday realities of human behaviour and often intuitively understand the value of more behaviourally-nuanced approach.

Frontline staff have repeatedly shown great appetite for simplifying processes and creating more user-friendly public services.



# FUTURE DIRECTIONS

Whilst we've achieved a lot in a short space of time, in many ways we're still only scratching the surface in the application of BI to public policy. Our three key objectives for the next year are:

## Taking trials to scale

We initially focused on establishing trials and achieving results, in order to confirm proof of concept for the application of BI in NSW. Some of these early successful trials are already being scaled up and this will be expanded further over the next year.

Larger trials and interventions will enable transformational change in our public services, and start to bring larger benefits across NSW.

## Greater engagement with academics

As we scale up our trials and interventions, we want to work more closely with local and international experts in the field to ensure we are drawing on the most cutting edge behavioural research.

## Tackling more complex social policy issues

In order to establish that BI is effective and provides value for money in NSW, projects to date have focused on areas where interventions can be implemented and measured relatively easily (such as revenue collection).

Over the next year, we will use our approach to tackle some of the more challenging public policy issues, particularly in the social policy sphere. For example in:



### Health

Tackling major public health challenges and enhancing patient care.



### Housing

Improving outcomes for social housing tenants.



### Justice

Reducing the incidence and impact of domestic violence.



### Return to work

Improving outcomes for long-term injured workers.



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