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Behavioral Policy and its Stakeholders

Starting a behavioural insights team: Three lessons from the Behavioural Economics Team of the Australian Government

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Abstract
Applying behavioural economics, science and psychology, a combination sometimes referred to as 'behavioural insights', has become a major force in government in Australia and internationally. Part of applying behavioural insights within government often includes establishing an internal behavioural insights team. This paper outlines some of the experiences of one such team, the Behavioural Economics Team of the Australian Government (BETA). In the short time since their establishment in 2016, BETA has learned some important lessons which largely align with the importance of finding balance. Balance between garnering support from the top while also building enthusiasm for the work from the ground up; running small-scale trials to build trust while continuing to develop a long-term and sustainable program; and finally being policy-relevant while ensuring academic rigour. In sharing these lessons the authors hope that teams across the public and private sector will find some of these lessons helpful and useful for their own behavioural economics projects more broadly.

Keywords
behavioural insights — randomised controlled trials — public administration

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Introduction

They might all go by a variety of names: nudge units, behavioural insights and behavioural science or economics teams, but they all owe a debt to the work of the first Behavioural Insights Team (BIT) in the United Kingdom (UK). Set up by the Conservative Government in 2010, the BIT Chief Executive David Halpern and his team were instrumental in promoting the use of behavioural insights to policy, growing to have teams in London, Manchester, New York, Singapore and Sydney. In 2015 Halpern predicted that there would be "more use of behavioural insights by governments, businesses and others in the coming years" (Halpern 2015, 12) and now in addition to the teams noted above, independent behavioural science and economics teams have been set up in the United States, Canada, Australia, South America, across the European Union and in Saudi Arabia. This paper describes the establishment of one of these teams, the Behavioural Economics Team of the Australian Government (BETA). Following a brief history of its formation this paper will explore some of the lessons BETA learned during these early stages, lessons that are intended to help provide some insight into the use of behavioural insights when designing and implementing policy and programs in government. These lessons all focus on the balancing act BETA experienced when establishing the unit; between gaining the necessary government support while encouraging a feeling of ownership and engagement within the agencies and departments; focusing on projects that demonstrate proof-of-concept in order to build trust and capability, but without losing focus on the bigger, longer term picture; and finally finding a way to deliver policy relevant research that remains rigorous and engaged with academic standards.

The birth of BETA

Although BETA wasn't founded until 2016 behavioural policy approaches were not entirely new in Australia. Governments have been influencing choice architecture and putting systems in place to account for behavioural biases since the early 1990's. For example, compulsory superannuation was introduced in 1992 based on the very idea that we were likely to suffer from present bias and fail to effectively save for our retirement if left to our own devices (Gruen and Soding 2011). The Australian Tax Office has also been making paying tax less complicated for many citizens, introducing pre-population of forms and streamlined online portals since launching a program for change in 2002 (Inspector General of Taxation 2010). The prospect of using insights from behavioural studies was also generating attention some time before the UK team was launched, with a Roundtable held

by the Productivity Commission in 2007 (Productivity Commission 2008) and quickly followed by two discussion papers released by the Australian Public Service Commission (Australian Public Service Commission 2007, Australian Public Service Commission 2009).

This early work and enthusiasm led some Federal government departments, such as the Department of Human Services and the Australian Tax Office, to develop their own behaviourally informed teams and projects, but it would be some time before the real momentum towards an Australian Federal Government behavioural insights team would start to grow. From an early push for a central government team beginning within the Department of Finance and Deregulation's Office of Best Practice Regulation (Office of Best Practice Regulation 2012), it was not until 23 November 2015 the upcoming launch of BETA was announced by Senator Scott Ryan at the HC Coombs Public Policy Conference 'Designing effective and innovative public policy in a complex environment' in Canberra. This event, and the profile of attendees helped to raise the profile of the team and drove significant interest across the Australian Public Service (APS) in exploring the use of behavioural insights.

The establishment of BETA: A new approach

This early interest across the APS was critical as an early decision for the team was the development of a joint funding model. Unlike any other team to date, BETA was to be a cooperative initiative, hosted at the Department of Prime Minister and Cabinet (DPMC) but with projects funded by the partner agencies and departments. At the time of announcement the future team had five early adopter agencies on board and by launch on 1 February 2016 they had grown to 13 partner agencies. These included the Department of Education and Training, Department of Employment, Department of Health, Australian Public Service Commission, the Australian Taxation Office and the Treasury to name but a few. Eventually BETA partnerships had grown to 19 agencies but as of July 1 2017 BETA's services became accessible by all government departments, not just partner agencies.

BETA's projects are co-developed with partner agencies, building on areas of shared interest. Each project is assessed for feasibility, based on criteria such as trial viability, resourcing, timeframes and cost. The partner agency then provides necessary funds to support the project itself while the DPMC provides the funding for BETA staff. This is in addition to the funding which was provided to run several training programs, which included an 'Introduction to Behavioural Insights' and beginner to advanced training sessions in developing RCTs. This training was provided to over 1200 people across the APS.

The partnership model outlined above didn't happen over night and BETA had their work cut out for them in the first few months, engaging with project partners, developing projects, recruiting, providing training across the public service, driving engagement and developing all the processes that help a team to run effectively. The DPMC has guidelines for developing and running a taskforce, a known strength of the department (Australian Public Service Commission 2012). But BETA was a little different. While the team was, and is, an internal team operating within the Domestic Policy Group of DPMC and works under the same conditions as any other public service team, staffed by members of the Australian Public Service (APS) and with performance and reporting defined by requirements of the Department; in practice the team would essentially function more like a consultancy than an advisory body or taskforce, helping to run the projects, including the trials, themselves. Also, while the team had all the necessary expertise to run a randomised controlled trial they found that there was little advice out there on how to run one in federal government. How do you get the necessary stakeholders on board? How do you keep a Minister engaged? When should you brief stakeholders and in what order? What about ethics processes? Publication? Addressing these questions was a major part of the initial work of the team, and building effective processes was both a steep learning curve, and something that was significantly resource intensive.

To address this the team felt the best option was to second several staff from project partners. This allowed them to both build behavioural economics capability across the APS but also build internal capacity at the same time. These staff helped support the projects of their own departments while building skills in trial development that could be used to support their own projects when they returned. They also brought extensive knowledge about their own departments, who to speak to, where the best touchpoints were and so on. This process has contributed to a diverse team, and while more than half of the team have an economics or psychology degree, they have also attracted staff from law, sociology and international development. Some are new to the public service, bringing expertise in designing and implementing trials or in behavioural science, while other, more experienced APS staff lead the projects and help manage the team. At the time of writing BETA had grown from the initial three staff at launch to 27 staff, which in the first 18 months had included up to 15 seconded staff from partner agencies.

Projects and initial results

Since commencing work in 2016 BETA has launched 10 projects, two of which have recently published their results. The first is the 'Supporting Retirees in Retirement Income Planning' trial (Department of the Prime Minister and Cabinet 2017b). For this project BETA partnered with the Treasury and five superannuation funds to improve the alignment between member preference and choice in retirement products. Currently, individuals face complex decisions at retirement. There is also limited availability and take-up of products designed to assist in managing risks, in particular the risk of outliving savings. Currently most retirees use an Account-

Based Pension (ABP) to manage their superannuation in retirement. A recent financial inquiry proposed the introduction of a comprehensive income product for retirement (CIPR) designed to simplify decisions at retirement and deliver better outcomes for retirees (The Australian Government Treasury 2016). A trial was designed to test whether changing how the information was framed and what elements were made salient would increase comprehension, and decision-making confidence. Over 3,700 pre-retirement members participated in the eight-arm study and the results show that presenting key information in a relatively simple manner led to overall improved comprehension and confidence in selecting their preferred retirement product (for further details see (Department of the Prime Minister and Cabinet 2017b)). It is anticipated that these results will help to inform the Government's future development of the regulatory framework. The trial was also a significant success for BETA as it was able to highlight the fact that taking the time to run a trial can offer greater understanding of how the intervention might impact recipients and, in turn, improve future implementation.

The second trial was 'Going Blind to See More Clearly: The Effects of De-Identifying Job Applications in the Australian Public Service'. Undertaken with the Australian Public Service Commission and 14 partner agencies the trial tested the impact of de-identifying applicants for roles in the APS (Department of the Prime Minister and Cabinet 2017a). In support of a recently announced Gender Equality Strategy the APS had been considering de-identifying job applications as an approach to assist in reducing discrimination and promoting diversity. Working with BETA a trial was designed wherein 2,800 public servants completed a short-listing exercise for a hypothetical role in their agency. Participants were randomly assigned to receive either standard or de-identified resumes. While the effect size was small the trial unexpectedly found that APS employees were on average more likely to discriminate in favour of female and minority employees. The results showed that

> participants were 2.9% more likely to shortlist female candidates and 3.2% less likely to shortlist male applicants when they were identifiable, compared with when they were de-identified. Minority males were 5.8% more likely to be shortlisted and minority females were 8.6% more likely to be shortlisted when identifiable compared to when applications were de-identified (Department of the Prime Minister and Cabinet 2017a, 6).

These findings were surprising. While much remains to be done to address the issue of gender inequality the results of this trial highlights the critical importance of testing our assumptions and not just adapting and adopting policies that were found to be successful elsewhere, even if they were based on rigorous research findings.

These trials were a significant step forward for BETA, although both had their limitations. As they were developed in the early stages of BETA's development they were designed as framed field experiments, meaning that participants were aware they were part of a study and both reflected hypothetical situations. BETA is intending to pursue this work further by looking for opportunities to take trials into the field, their preferred method of delivering an RCT. Many of the trials that are currently in progress have been or will be able to be delivered in the field and include using SMS messaging to provide timely prompts and testing alternative energy labels to increase customer engagement.

The lessons learned

As they were establishing themselves BETA found that, while they were able to find many examples of trials and projects run by other teams, there was limited guidance about how to run this type of team within government. To address this gap, in this paper we hope to share some of the lessons learned by BETA and highlight how the team developed and grew over time. In doing so it is our hope that others may find some of these lessons helpful for other behavioural economics projects more broadly. Specifically, these lessons highlight the balancing act that BETA found themselves undertaking during the early stages; between getting the necessary support from agencies without forcing an agenda from the top-down, between the proof of concept rapid trials and the sustainable, longer term projects and driving innovative and rigorous research to inform practical policy solutions.

Government support and departmental engagement: From the top-down or the bottom-up?

The Australian Government has been strongly supportive of the push for more innovative public policy design and implementation and this support has helped to raise BETA's profile more broadly across government. However in the beginning it was agreed that departments that were interested in participating would themselves be best placed to select and fund the projects of most value to their policy objectives. This meant that, unlike the UK BIT and many other teams, BETA was not reliant on central funding but instead would be co-funded by interested departments. Luckily for BETA the appetite for a central team was strong within the APS. The success of other Federal government teams internationally, and state government teams within Australia, meant that there was a broad level of awareness and support from officer to senior executive levels. Before the team was even officially announced, five departments had agreed to participate. This number eventually grew to 19 before the team elected to offer their services more broadly across all government agencies and departments.

There were also challenges to this co-development approach as it required a balancing act between the recruitment of partners and promotion of what BETA could offer but at the end of it all also being able to deliver within timeframes and budget. There was little information of how much funding would be sufficient to run a team like BETA so finding a balance between enough funding to get the job done but not

so much no one would sign up was a challenge. However, even with these pressures involved, BETA agree that the co-funding model was a significant strength of their approach. It encouraged a stronger sense of engagement from both sides of the partnership as it was driven by agency specific needs and interests, projects that they themselves had selected and were excited about. Additionally, even though some of the projects did not make it to the final delivery stages, the capability building activities, such as engagement in the project development processes, workshops and training, provided a strong basis for the development of more behaviourally-informed policy in the future.

Proof-of-concept projects and long term sustainability: More than just small scale trials?

Further to finding a balance between the support of the partner agencies, senior executives and government, BETA has also learned from having to juggle between designing projects or trials that can demonstrate the value of behavioural insights while also trying to build an evidence-base through longer-term, bigger impact trials. David Halpern of the BIT stressed the value of this type of incrementalism in their team's success. In the beginning they actively sought out areas where low cost, rapid trials could be done to illustrate the effectiveness of applying behavioural economics theory to public policy design and implementation. For the most part these trials were focused on incremental changes to existing policies with some of the most well-known including tweaks to letters and forms to encourage the payment of taxes or fines and increased charitable giving (Behavioural Insights Team 2015, Behavioural Insights Team 2016, Halpern 2015). In his book, 'Inside the Nudge Unit: How Small Changes Can Make a Big Difference' Halpern discusses the importance of these small wins as "dramatic improvements can and are more likely to be achieved by systematically testing small variations rather than through dramatic leaps (Halpern 2015, 291)".

Similarly to the BIT, BETA encouraged partner agencies to consider at least one of their early projects be a quick, small-scale trial, to help build capability and demonstrate value. These projects are valuable because they can help secure support and further funding as well as building trust and offering stable, independent building blocks for policy, presenting a more structurally sound basis for broader systemic changes. These 'small wins' can also limit the impact of defection and delay and can be altered, or even abandoned, if necessary without significant knock-on effects (Weick 1984, 44) . Essentially, control and predictability increase with these small, self-contained projects and they are more likely to feed into policy conversations than dominate them, "they are more likely to be incorporated than are other more conspicuous solutions (Weick 1984, 47)".

For their many benefits, BETA acknowledge that these small-scale trials alone cannot secure the future of behavioural insights in government. This is in large part because not all departments are created equal in terms of opportunities to implement quick, cheap and simple nudges or to deliver rigorous RCTs. For example the team found it was much easier to develop projects for service delivery agencies with large client groups and direct access to those groups. Compliance problems in existing programs were also much easier to work with than broader policy problems requiring behaviour change in complex settings. Essentially this meant that some of those partners with fewer direct contact points with service or program delivery, or broader, more complex policy problems encountered more difficulty in defining feasible projects in those initial 18 months.

BETA also encountered complexities in the design of trials, the availability of usable data in particular. While there is rich data publically available in Australia, whether it was fit-for-purpose proved to be a hurdle for some of BETA's projects. As time passes it is hoped that the insights and application of behavioural insights can assist public bodies to refine existing data-generating systems and methods to make them more useable and effective for measuring the outcomes that matter.

In order to continue to expand and to address more complex, long-term and significant issues, such as those of energy consumption, engagement with employment and education or increasing community participation, BETA will need to move beyond these small-scale prototype projects. One of the key opportunities that they have to capitalise upon is their role within a central agency as this allows them to recognise opportunities to work across departments, even bringing together areas that currently work independently on different elements of complex issues. This also represents an opportunity to connect government departments with field partners, regulated entities, smaller portfolio agencies and NGO's to develop projects which cut across the boundaries of government. Bringing together departments with policy responsibilities with those who deliver in the field also offers opportunities to overcome issues that come with departments developing similar projects simultaneously or without making meaningful connections with service delivery partners.

Transparency, rigour and policy relevance: Bringing the Academy into Government

The final issue BETA encountered was the need to balance the rigorous research with the demands of government. Behavioural economics is an exciting and growing field and BETA consider it a key role of the team to ensure practical links are made between developing research and the end user, the citizens that benefit from it. One of the ways to do this is through sustained relationships between researchers and practitioners. This has been shown to enable research use even in an initially hostile environment (Huberman 1990, Huberman 1993) and is generally "considered more effective than the traditional science 'transmission' model (Head 2015, 7)". This linkage is to an extent embodied through the dual director roles at BETA. The Managing Director role operates like any senior executive role within government, including responsibilities such as overseeing the operation of the team, including

staffing and performance. The Research Director role on the other hand has a more unique role, providing research expertise and fostering connections between BETA and research institutions, behavioural insights experts and academics. In the past this has included inviting academic speakers to share with staff and members through a Community of Practice or at APS-wide events in pursuit of developing linkages between BETA, academia and partner agencies.

In order to further encourage this engagement it is necessary to ensure that the incentives are aligned for both government and the academics involved. One tool BETA has used is the use of a policy of publication by default. This aligns with recent findings that state reporting findings is likely to be a 'necessary cost' for public institutions in order for them to maintain credibility and transparency when applying nudges and behaviourally-informed policy (OECD 2017, 56). In order to increase transparency BETA has also committed to pre-registering trials and, where possible, sharing information and lessons learned widely via policy papers and their website. A recent paper by Mendel (2016) expressed concerns that the use of RCTs in government may be problematic as "trials without adequate, timely publication and scrutiny leave one relying on the authority or eminence of those involved in running the trials; such trials might, at best, allow a form of authority-based rather than evidence-based policy (Mendel 2016, 2)". By pre-registering trials where possible without risking the integrity of the trial, and sharing the results widely once available BETA hope to increase the rigour and reliability of their research.

Next steps

On the basis of the success of early trials BETA is now seeing growing support for the use of behavioural insights and randomised controlled trials in government in Australia, including obtaining three years of funding from the Australian Government. This funding will allow BETA to continue to develop small-scale trials as they build relationships across the APS but also to make steps towards developing increasingly complex projects spanning current departmental boundaries. Ultimately we would argue that the real test of whether behavioural insights will continue to contribute to policy development and implementation in Australia will be when the balancing acts described here are no longer necessary; when using behavioural insights is driven by need regardless of whether it is through small-scale trials or complex, multi-agency projects, and where transparency and appetite for innovation allow for real, constructive linkages to be built between academia and the bureaucracy.

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