Impact Report

April 2019

BETA story

BETA began in 2016 with a clear vision—to improve the lives of Australians.

We do this through putting human behaviour at the heart of government policy.

We're one of a growing number of teams across the world, applying lessons learned from the field of behavioural insights (BI) to public policy.

There can be a disconnect between how governments design policies and how real people actually behave. Sometimes traditional policy can assume people have no shortage of brain power or will power – when in reality, many of us find it hard to eat healthy, save for retirement or shop around for the best internet or phone deals.

The latest research shows small improvements or 'nudges' can help people put their good intentions into action.

We're not here to sit on our hands—for every dollar invested in BETA we have committed to deliver a $10 return to government.

We've completed 16 Randomised Controlled Trials (RCTs) and 10 advisory reports with over 30 partners, and trained up thousands of public servants in behavioural insights.

We are delivering over $25 million per year in direct benefits to government. We've evolved our service offer to a whole suite of products, services and tools to put human behaviour at the heart of public policy in Australia.

> **…delivered over $25 million per year in direct benefits to government**

BETA in numbers
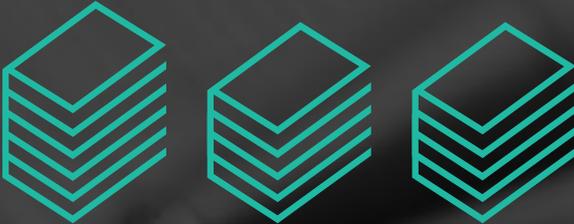
13 EVALUATION REPORTS

10 ADVISORY REPORTS

1 BETTER PRACTICE GUIDE

WE ARE DELIVERING

OVER **$25M** PER YEAR

IN DIRECT BENEFITS TO **GOVERNMENT**

Over **30** PROJECT PARTNERS
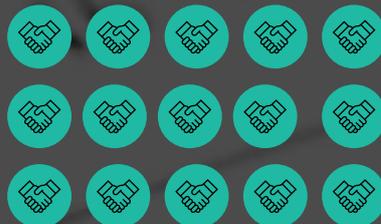
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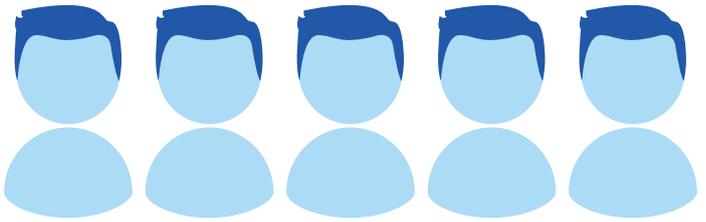
We have built a strong network of BI champions and practitioners from across the APS

60 CHAMPIONS FROM 50 AGENCIES

50 PRACTITIONERS FROM 15 AGENCIES

2 National Nudgeathons tackling open banking and volunteering

18 BLOGS

13 PODCASTS

1900+ followers on Twitter

BX2018
conference
2 DAYS OF BI DISCUSSION

700 delegates

71 speakers

Case studies

Nudge vs superbugs

The rise of antimicrobial resistance, or AMR is a global health problem, already killing over 700,000 people every year. It's estimated if we do nothing, this number will rise to 10 million people every year, with a cost to the global economy of up to USD$100 trillion by 2050. It's fuelled in part by misuse of antibiotics – so it's critical they are prescribed only when needed.

To help address this problem, we teamed up with the experts at the Department of Health to test novel ways of bringing these rates down. The Chief Medical Officer sent behaviourally informed letters to 6,649 GPs with high antibiotic prescribing rates.

The most effective letter compared the doctor's prescribing to their peers—which cut prescriptions by 12.3 per cent. The trial overall led to around 126,000 fewer scripts over a six-month period.

This illustrates the power of behavioural insights—small "nudges" can make a big difference.

We sent letters to the top

30% OF PRESCRIBERS

At the start of the 2017 flu season, comparing their prescribing to their peers

Dear Dr Fulham, your prescribing rate is in the top 9% for the Canberra region.

THIS HELPED THEM BRING PRESCRIPTIONS DOWN

12.3% OVER SIX MONTHS

ATO work-related expenses

Claims for work-related expense deductions are huge in Australia—with $22 billion claimed in 2015-16. Small amounts of over-claiming adds up, and we know some people don't always do the right thing, even when they plan to.

We tested the effectiveness of a letter drawing on behavioural insights to notify selected tax agents they had higher than expected work-related expense claims for their clients.

Behavioural insights

Social norms: We compared agents making higher than expected claims against other agents.

Availability bias: We made it clear how infrequently other tax agents make higher than expected claims.

Saliency: we reminded agents higher than expected claims are likely to attract closer scrutiny by the ATO.

It had excellent results. Agents who received the letter reduced their average client claims by $191.

Agents who received the letter increased the average tax paid by their clients by $76.

The letter reduced work-related expense claims by $2.2 million and increased tax paid by $850,000. If the letter had been sent to all agents in the trial, it is expected the letter would have cut work-related expense claims by about $4.4 million and increased tax paid by about $1.7 million.

The trial demonstrates low-cost, well-targeted and well-designed communications, incorporating behavioural insights, can save vital money to fund services for Australians.

**$22 billion** work-related expense deductions claimed in 2015–16

**$191** Agents who received a letter **reduced their average client claims by $191**

$76 They also **increased the average tax paid by their clients by $76**

If the letter had been sent to all tax agents in the trial, revenue would have **increased by about $1.7 million**

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> Providers were putting out information on NBN plans which was **dense, inconsistent and hard to read**—making it incredibly **difficult for** Australians to make an **informed choice**

NBN guide

BETA also delivers quick advisory pieces with big impacts on the lives of Australians.

Last year we partnered with the Australian Communications and Media Authority (ACMA) to help demystify NBN information for consumers.

ACMA found providers were putting out information on NBN plans which was dense, inconsistent and hard to read—making it incredibly difficult for Australians to make an informed choice.

We put together a better practice guide showing providers how to use graphics and visuals to best compare plans—and ACMA published it.

Providers across the country—including Telstra, Optus, Dodo and many more—are now using this template.

This consistency now means Australians can make simple, informed decisions about their NBN plans—and get the best deal for their lifestyle.

Energy bills

Energy prices in Australia have risen 56 per cent in a decade, putting significant pressure on household budgets.

People can save hundreds of dollars a year by shopping around—but more than half of Australians have not switched plans or providers in the past five years.

Energy bills are the primary tool to inform consumers about their energy plan and usage—but they tend to be poorly designed and don't encourage switching.

We worked with the Department of the Environment and Energy, to design and test new electricity bill designs with around 4,200 Australians.

We focused on simplifying bill design to draw attention to key information, and including a 'ways to save' box encouraging people to search for and switch to a better plan.

Our new bills increased people's confidence by up to 13 per cent—which is a significant result when confidence in the market is at an all-time low. But this did not translate into intention to look for a better offer.

Increasing consumer confidence in a market facing record-low levels of trust is a critical first step. Making bills clearer and more accessible for consumers makes sense and should be considered by electricity retailers.

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Getting pay rates right

Employees on minimum wage awards in Australia have a right to be paid the minimum wage, as well as penalty rates, allowances and other entitlements. Sometimes small business owners can feel overwhelmed by competing priorities – which is why the Fair Work Ombudsman (FWO) uses audits to help businesses keep on track.

We set out to see if these audits could be even more effective by simplifying communications, drawing on behaviourally informed techniques.

We worked with FWO to redesign their audit communications and activities to help employers do the right thing—and tested it on around 2000 small businesses. We used:

- Banners for important information
- Checklists and planning prompts
- Social norms
- Timely reminders

The result was a win-win for workers, businesses and the community. Employees were $900 better off on average - and for people on minimum wage, this makes a huge difference.

It also led to a 24 per cent reduction in instances of underpayment, and the new audit took only 15 days on average compared with 23 days. Employers also told us it's more helpful and informative.

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Project snapshots

Helping consumers reduce their credit card debt

SMS reminders helped consumers to repay their credit card balances faster, and avoid paying high interest fees. The reminders led people to pay $134 more off their balance on average, and maintain a smaller balance after 12 months.

Improving tax compliance

Individuals (led by the Australian Taxation Office)

In myTax 2017, nudge messages prompting taxpayers to review their claims increased revenue by around $23 million. These messages were displayed to over 200,000 individuals who lodged unusually high deductions or unusually low interest or dividend income.

Businesses

The Deferred GST Scheme allows 13,000 businesses to defer payment of $26 billion in GST annually. Simple, salient emails sent to businesses increased compliance with the scheme by over **13 percentage points**.

Making retirement income planning easier

A behaviourally-informed presentation of different retirement income products improved customer comprehension by **39 per cent**.
These results are informing the development of new regulations to help Australian retirees manage their retirement decisions.

Improving government service delivery

Sending a confirmation SMS to parents who submitted Change of Assessment forms reduced calls to the Department of Human Services by **11.3 percentage points**. At scale, this represents about **2,100 fewer calls each year** – saving parents' time and reducing call waiting times for others.

Reducing hardship: timely reminders to report on time

80,000 Australian jobseekers fail to report on time in any given fortnight and risk having their payments delayed or cancelled. SMS reminders increased ontime income reporting by **13.5 percentage points** and reduced payment cancellations by **1.7 percentage points** – a **reduction of 43 per cent**. This trial saved the Department of Human Services 240 hours of staff time per fortnight (over 6,000 hours per year) and helped make sure people got the payments they deserved.

Boosting Government survey completion rates

Response rates to Government surveys are plummeting across developed countries, affecting the reliability of the results. Visual prompts increased completion by **6.8 percentage points** in Department of Social Services surveys. Collecting this feedback helps improve services and leads to better outcomes for clients, families and their communities.

Helping people choose more efficient appliances

We found **energy labels may have positive effects** on consumer behaviour. These effects, if real, are large enough to warrant consideration by policy makers interested in reducing carbon emissions and household energy costs.

Investigating unconscious bias in APS shortlisting

This study tested whether de-identifying CVs in APS shortlisting processes supported diversity. Contrary to expectations, BETA found evidence of subtle positive discrimination towards females and minorities on average across 14 agencies. This result indicates the need for caution when moving towards 'blind' recruitment in the APS.

Analysing behaviour in retail banking

The retail banking sector is difficult for consumers to navigate. With nearly **4,000 different residential property loans** and over **250 different credit cards**, consumers can be overwhelmed. Our research report for the Australian Competition and Consumer Commission **identified behavioural insights to help people overcome these issues**.

Helping people negotiate better home loans

In a report for Treasury and the Council of Financial Regulators, BETA provided advice and mock-ups to **inform the design of an online tool** to help consumers compare their home loan interest rates to the market. The tool had been recommended by the Productivity Commission in its 2018 Inquiry Report on *Competition in the Australian Financial System.*

Supporting biosecurity

BETA helped the Department of Agriculture and Water Resources understand behavioural barriers for international travellers to comply with biosecurity requirements. BETA's report **informed reforms to improve Australian biosecurity** – helping to protect Australia's $47.8 billion agriculture export industries and our unique environment, tourism sector and lifestyle.

Encouraging veterans' self-management

BETA **provided advice to the Department of Veterans' Affairs on possible interventions** to encourage their clients to manage their injuries more independently, so they don't become dependent on physiotherapy treatment.

Reducing harm from online wagering

BETA analysed the behaviours exacerbating harm from online wagering, and **advised the Department of Social Services on the design and testing of four measures** in the National Consumer Protection Framework for online wagering.

Improving customer experience of visa processing

Immigration services often receive calls from visa applicants who enquire about the status of their application. BETA worked with the Department of Home Affairs to **design update emails for visa applicants**. This is contributing to Home Affairs' 10-year reform programme to transform Australia's visa system and make it easier to understand.

Building BI capability

One of BETA's key missions is to transform the Australian Government's approach to policy, to put human behaviour at the centre.

We are working with agencies across the public service to embed this thinking. We're also taking steps to remain at the forefront of this emerging field.

Through networks of champions, training in behavioural insights, major events, social media and links with academia, we are telling a compelling story to government and policymakers about the power of human behaviour and the importance of testing what works.

BX2018 conference

BETA hosted the 2018 edition of the global behavioural economics conference—Behavioural Exchange.

This brought together the leading minds of the discipline, together with policymakers, the private sector and academics.

- 700 delegates
- 71 speakers
- 2 days of BI discussion

To preserve this knowledge, we recorded and published each and every session— which you can relive on our website.

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BETA networks

Since 2016 BETA has built a strong network of behavioural champions and practitioners from across the APS.

These are forums to train, educate and inspire policymakers. They are also networks to share learning, ideas and best practice to evolve the discipline.

We have brought together:

- 60 champions from 50 agencies
- 50 practitioners from 15 agencies
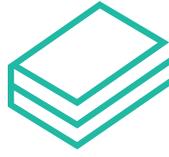
BETA resources

To equip policymakers with the tools they need, we have developed a suite of tools and resources.

BETA has developed:

- A free online course in behavioural insights
- A new framework for better form design
- A guide to developing Randomised Controlled Trials
- A collection of case studies from BI projects around Australia
- A directory of 90 academics from all over Australia

Spreading the word

BETA works hard to spread the message about behavioural insights. To date we've:

- Held 2 national Nudgeathons tackling open banking and volunteering
- Recorded 13 podcasts with the best and brightest minds in the field
- Published 18 blogs exploring how BI can help in everyday life
- Amassed 1900+ followers on Twitter

New frontiers for BETA

In three years BETA has developed into one of the world's leading units applying BI to public policy.

We've worked in every corner of government, delivered projects with real impact, and have more than 20 more projects underway.

But what's next for BETA? Where to from here?

Tackling the most complex problems

We are shifting our focus in BETA to the most difficult, complex policy problems. Traditionally, BI has been applied to specific, defined policy problems the world over. And it has been successful.

But the future of the field must surely be focusing on issues spanning agencies, portfolios and jurisdictions. Areas where the traditional policy toolkit has stalled or stumbled.

This is not just blue-sky thinking—it is something we are acting on. We are beginning to tackle indigenous disadvantage, cyber security and drought support, among other areas.

But to succeed we need to find new ways of working. Partnerships and collaboration with other sectors including academics, universities, community groups, the private sector and NGOs will be key—and we are working hard to build these links for all our projects.

Better use of data

Large, integrated government datasets offer the chance for governments to transform how they deliver services.

Advanced statistical techniques using machine learning can help government better personalise and target policies and programs. It can help deliver services to individuals, instead of populations.

This will have big implications for behavioural science, allowing us to personalise our interventions to help people on an individual or community level. That's why we're investing in these skills and pursuing projects in this space.

Second generation nudges

We also need to reimagine how we apply behavioural insights. 'Nudges' have long been seen as an add-on, or a single standalone tool to apply once—something to set and forget.

Nudges are often used once a policy has been developed—and sometimes only when things haven't gone to plan.

As a field we need to shift to much earlier in the policy process. Second generation nudges could inform structural changes, deliver smarter regulation and better functioning markets.

This would see BI coupled with traditional policy tools, right at the start of the cycle—to help put an understanding of human behaviour at the heart of new policy.

Human behaviour and the 4th industrial revolution

Looking further into the future, the 4th industrial revolution is occupying many minds across the world. How we manage a technological revolution which could fundamentally alter the way we live, work and relate to each other is a future challenge for governments.

Human behaviour and how people respond to the change is at the centre of this challenge.

How do we construct the rules, social norms, standards, incentives and institutions needed? BI teams around the world can make an important contribution to understanding how people will use, resist and respond to technological advances— and this will be an emerging priority for BETA in the future.