A fair chance for all

Breaking the cycle of persistent disadvantage

Final report | June (Pipiri) 2023

NEW ZEALAND
PRODUCTIVITY COMMISSION
Te Kōmihana Whai Hua o Aotearoa

The New Zealand Productivity Commission
Te Kōmihana Whai Hua o Aotearoa

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Foreword

E ngā mana, e ngā reo,
e rau rangatira mā,
tēnā koutou katoa

Ko Ganesh Ahirao tōku ingoa.

I am a first-generation New Zealander, I acknowledge the people of the past, the present and the future, and I pay my respects to Māori as tangata whenua of Aotearoa.

The role of the Productivity Commission Te Kōmihana Whai Hua o Aotearoa is to advise governments on how to improve productivity to support the overall wellbeing of all New Zealanders. Consistent with this purpose, productivity follows from mauri ora: healthy people, supported by a healthy culture, living within a healthy environment.

As Chair of the Commission, it is with a mixture of frustration and excitement that I present the final report of our inquiry into breaking the cycle of persistent disadvantage.

Our report is titled "A fair chance for all", and I believe most – if not all – New Zealanders would agree with such an aspiration. But, disturbingly, it remains an illusory concept for many in Aotearoa New Zealand. Irrespective of definitions, the numbers of people experiencing persistent disadvantage and not getting anywhere near a fair chance are sobering. As a result, we all lose out as our collective potential is eroded.

Equally, if not more disturbingly is a collective reluctance to shift the dial. A seemingly resigned acceptance of this situation starkly risks further undermining the cohesion and trust – the social contract – on which our communities and businesses rely.

I do not hide my frustration that, despite their best intentions, successive Governments have failed to address persistent disadvantage. Well-meaning interventions and programmes, ranging from ad hoc and piecemeal to paternalistic directives with implied finger-pointing and victim-blaming, have not succeeded. This stain stubbornly remains on our nation and our communities.

As proposed at the start of this inquiry, we have drawn on He Ara Waiora, a tikanga framework built on te ao Māori knowledge and based on evidence about wellbeing that applies to everyone. We acknowledge that mātauranga Māori belongs to Māori, and we have sought feedback and guidance on its proposed application throughout this inquiry.

My excitement emanates from this inquiry's findings pointing to many small successes. There are indeed clear examples of how people, families, whānau and communities have overcome disadvantage. There are also clear examples of how people, organisations, and government agencies have worked with families and whānau to help them achieve their aspirations, and to address the underlying inequities that create disadvantage. My challenge to governments of today and tomorrow is to build on these examples to create a future where all New Zealanders can lead better lives.

As a country, we must stop doing and supporting things that we know do not work and accept the challenge to try things that might. We need to get better at preventing and anticipating disadvantage and build a learning system that enables us to test, learn from and adapt our responses according to changes in our understanding of the challenges people face, and of their circumstances.

There is no single approach that works to overcome persistent disadvantage. But there are common themes: locally led, whānau-centred, centrally enabled approaches; trusted relationships – holding each other to account – between funders, providers, and the people and their communities; and learning from the voices of people and their communities.

In short, people, families and whānau thrive when they have access to resources, are empowered to grow and develop on their own terms and feel a sense of belonging within their communities. A cross-party, long-term commitment to partnership and adequately resourcing efforts to break the cycle of persistent disadvantage is needed to ensure a fair chance for all.

Finally, and in all humbleness, I would like to thank the many people and organisations who helped inform this inquiry. Your experiences, knowledge, insights and evidence have been invaluable in shaping our findings and recommendations, which will help create foundations for a future without disadvantage.

Nāku, i roto i ngā mihi, nā

Dr Ganesh Nana
Chair, Te Kōmihana Whai Hua o Aotearoa | New Zealand Productivity Commission

Terms of reference

New Zealand Productivity Commission Inquiry into Economic Inclusion and Social Mobility – A Fair Chance for All

Issued by the Ministers of Finance, Child Poverty Reduction, Māori Development, Pacific Peoples, Revenue, and Social Development and Employment.

Pursuant to sections 9 and 11 of the New Zealand Productivity Commission Act 2010, we hereby request that the New Zealand Productivity Commission ("the Commission") undertakes an inquiry into economic inclusion and social mobility, focusing on the drivers and underlying dynamics of persistent disadvantage.

Context

The trends in indicators of economic inclusion and social mobility in Aotearoa New Zealand are not widely understood. This includes understanding how trends in economic inclusion and social mobility impact on individuals, different population groups and wider society, and how these impacts link to productivity and economic performance. In addition, some trends in New Zealand differ from other countries, such as the United Kingdom and United States. A robust, authoritative narrative about the New Zealand situation is lacking from public discourse.

A key gap in the existing New Zealand evidence is measurement and analysis of persistent disadvantage, and its dynamics across lifetimes and generations. Available evidence points to significant and growing disadvantage in the bottom income deciles, particularly in the context of rising housing costs. Covid-19 may exacerbate these trends. Children growing up in these households face the prospect of entrenched disadvantage.

The inquiry will focus on the persistence of disadvantage, which will bring together the two concepts of economic inclusion and social mobility.

The purpose of this inquiry is to:

- generate new insights about the dynamics and drivers of persistent disadvantage, and the incidence/impacts across different population groups, including social and economic factors;
- develop recommendations for actions and system changes to break or mitigate the cycle of disadvantage (both within a person's lifetime and intergenerationally); and
- help raise public awareness and understanding of trends in economic inclusion and social mobility (with a focus on persistent disadvantage) in New Zealand.

Scope

The work will promote a strengths-based approach, looking to make recommendations that would help individuals, families, whānau and communities realise their potential, and enhance their mana and wellbeing. It will recognise the importance of te Tiriti o Waitangi as a key founding document of Aotearoa New Zealand.

To inform the inquiry's recommendations, the Commission should:

- bring together and build on the considerable existing evidence and many knowledge bases across a range of disciplines, including work undertaken for previous major reviews and inquiries (such as the Welfare Expert Advisory Group (WEAG), the Tax Working Group, the Expert Advisory Group on Solutions to Child Poverty and the Commission's inquiry into 'More Effective Social Services');
- establish definitions of economic inclusion, social mobility and persistent disadvantage;
- undertake research and analysis to better understand the dynamics and drivers of persistent disadvantage, applying relevant frameworks such as He Ara Waiora;
- draw on te ao Māori and Pacific approaches, including applying a collective as well as an individual lens to research and analysis, and the principles of mana motuhake (collective/self-reliance), rangatiratanga (independence) and mātauranga Māori (Māori-specific knowledge);
- explore how realising people's potential (through reducing persistent disadvantage) translates into direct increases in wellbeing, as well as higher productivity and better economic performance. Greater success for Māori and Pacific peoples is particularly important given their increasing proportion of the working age population in future years;
- create a clear, authoritative and accessible narrative about the trends in economic inclusion and social mobility in New Zealand; and
- take into account any relevant insights and findings from other Commission inquiries, including its current inquiry into immigration settings, as well as work under way across government (including relevant reforms and work programmes, such as Just Transitions and the Disability Action Plan).

Based on the above, the Commission will develop recommendations for effective actions and systems changes to help break or mitigate the cycle of disadvantage. This may include investigating:

- improvements to current measurement and data-collection systems;
- the way public services are designed, commissioned, funded and delivered.

The inquiry will take a system-wide and whole-of-government perspective, look at life course and intergenerational outcomes, and consider a broad set of impacts on, and measures of, wellbeing.

Out of scope

To avoid duplicating parts of other major inquiries (such as WEAG and the Tax Working Group) the inquiry will focus on non-income policies. This will not, however, preclude the inquiry from identifying income levers in its recommendations.

Constitutional reform is out of scope.

Engagement requirements

In undertaking this inquiry, the Commission should:

- engage with key interest groups, organisations and practitioners across the public, private, not-for-profit and philanthropic sectors;
- collaborate with iwi and Māori, Pacific peoples and disabled people to explore barriers to reducing persistent disadvantage, and ways to support Māori- and Pacific-led solutions;
- draw on the lived experience of different people, groups and communities who may be affected by, or have overcome persistent disadvantage, including Māori, Pacific peoples, women, tamariki and rangatahi, sole parents, disabled people and their families, rural, provincial and urban communities, and the intersection across groups;
- partner with relevant government agencies, researchers, experts and practitioners across a range of disciplines and sectors; and
- use a wide range of modes and products (such as short reports, videos, graphics), including accessible modes and alternative formats, to maximise reach and engagement with a wide range of voices.

Timeframe

The Commission must publish a draft report on the inquiry for public comment, followed by a final report or reports, which must be submitted to each of the referring Ministers by 31 May 2023.

Acknowledgements

Special thanks to:

- Haemata Limited for the reports provided, ongoing cultural support, and hosting a series of wānanga with community groups.
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- Sacha McMeeking on behalf of Ngā Pūkenga, and Phil Evans from the Treasury for providing guidance on the use of He Ara Waiora.

Overview

Too many New Zealanders experience persistent disadvantage

Many New Zealanders continue to thrive as they exercise the choices and explore the opportunities available in the communities, businesses and economy of Aotearoa New Zealand. However, 697,000 New Zealanders experience persistent disadvantage, with sole parents and Pacific peoples experiencing the highest rates, followed by Māori and people with disabilities. An estimated 172,000 people experienced complex and multiple forms of persistent disadvantage in both 2013 and 2018.[1]

The cycle of persistent disadvantage experienced by too many cannot be ignored, or tolerated as inevitable, or put off till another day, or accepted as too difficult to change. The costs are borne by all – individuals, families, whānau, businesses, communities, government and our entire nation. Equally, we all stand to gain when this cycle of persistent disadvantage is broken.

Everyone in Aotearoa New Zealand wants to live good lives. New Zealand has a long history of valuing fairness and "a fair go". We were the first country in the world to introduce universal suffrage, and there is a strong tradition of standing against anti-egalitarian regimes. A fair chance for all means all New Zealanders, present and future, feel proud of their cultural identities, are supported to achieve their aspirations, and have genuine choices and access to opportunities to live better lives.

The inquiry task

There have been many previous reviews relating to improving the wellbeing of New Zealanders. Although sector-specific policies have received attention on many occasions, there has been much less investigation into the role of the public management system itself in addressing persistent disadvantage.

The Productivity Commission (the Commission), in its function as an independent advisor to Government and its ability to look beyond individual sector/agency work, is well placed to fill this gap.

Alongside being tasked to generate new insights about the dynamics and drivers of persistent disadvantage, the terms of reference for this inquiry point to developing "actions and system changes to break or mitigate the cycle of disadvantage (both within a person's lifetime and intergenerationally)".

As a result, and consistent with what we heard from submitters, this inquiry took a system-wide and whole-of-government perspective to identify system shifts and changes to break the cycle of persistent disadvantage. Persistent disadvantage cannot be fixed overnight or by a few disconnected actions. A system problem demands a systemic response.

1 Estimates depending on whether disadvantage is being experienced across one, two, or all three domains, as defined in the Persistent disadvantage and social inclusion section.

This final report brings together our findings and recommendations, building on the findings in our interim report on the nature and causes of persistent disadvantage, and focusing on recommended solutions. It should be read alongside our quantitative report, *A quantitative analysis of disadvantage and how it persists in Aotearoa New Zealand* (NZPC, forthcoming), which provides in-depth empirical findings.

Our approach

As well as drawing on many valuable submissions, meetings, reports, commissioned research and our own previous inquiries, the Commission drew from earlier Royal Commissions on social inclusion, Treasury's Living Standards Framework, the All-of-Government Pacific Wellbeing Strategy, and He Ara Waiora – a tikanga framework that conceptualises a Māori perspective on wellbeing. We worked with Treasury and Ngā Pūkenga (a group of Māori thought leaders), to adapt He Ara Waiora, using mauri ora[2] as the central concept to describe the wellbeing and productivity outcomes we are seeking for New Zealanders in this inquiry.[3] According to Durie (2017) mauri ora is a state of being healthy, vital and in balance. The opposite of mauri ora is mauri noho – "languishing" or "sitting dormant" – in other words, disadvantage.

Persistent disadvantage and social inclusion

We define **persistent disadvantage** as disadvantage that is ongoing, whether for two or more years, over a life course, or intergenerationally. It has three domains:

- being left out (excluded or lacking identity, belonging and connection);
- doing without (deprived or lacking the means to achieve their aspirations); and
- being income poor (income poverty or lacking prosperity).

We define **social inclusion** as being when all New Zealanders live fulfilling lives – where individuals, their families, whānau and communities have a strong sense of identity; can contribute to their families and communities; and have the things they need to realise their aspirations and nourish the next generation.

Our findings and recommendations are developed and presented throughout this report, with a combined list provided at the end of this report. A summary follows.

2 We acknowledge the breadth of this concept that has no direct English translation. Durie (2017) used "flourishing" to describe mauri ora and "languishing" for mauri noho.

3 In formulating our mauri ora approach, we were mindful of the tensions inherent in adapting a tikanga framework, understanding there is an ongoing preference for He Ara Waiora to be applied as a whole. We appreciate the support and guidance of members of Ngā Pūkenga and the Treasury to adapt the framework for our inquiry. We encourage others to also seek guidance in their application of He Ara Waiora.

Findings

Barriers and protective factors exist

A central finding of this inquiry is that people experiencing disadvantage and those trying to support them are constrained by powerful system barriers. Siloed and fragmented government and short-termism reflect well-known challenges that the public management system has been grappling with for decades. Outside the public management system, power imbalances, discrimination, and the ongoing impact of colonisation form part of the economic and social context and create the main drivers for both advantage and disadvantage in Aotearoa New Zealand.

Factors that protect against disadvantage include adequate income, housing, health, and social connection; cultural identity and belonging; knowledge and skills; access to employment; stable families; and effective government policies and supports.

For many people, disadvantage does not persist. People can get themselves through a temporary period of disadvantage by drawing on their own resources, accessing support from family and friends and the local community, and from the Government.

In the absence of effective support, temporary disadvantage can persist and compound, trapping people within multiple complex disadvantages.

Wellbeing, assumptions and voice of future generations

Although advances in wellbeing approaches are a good start, many of the key assumptions underlying Aotearoa New Zealand's policy and public management system settings are hampering the implementation of a fully integrated wellbeing approach. The current wellbeing approach leans heavily on measurement and lacks integration into the public management system. Aotearoa New Zealand has been at the forefront of international wellbeing approaches, but other countries are now operationalising wellbeing better.

Accountability and learning systems

Current accountability settings constrain more innovative and effective ways of addressing persistent disadvantage. We identify three critical gaps in the accountability system:

- weak direct accountabilities for ministers and the public service in addressing persistent disadvantage and the needs of future generations;
- the neglect of te Tiriti o Waitangi (te Tiriti) as a foundational constitutional document; and
- settings that constrain ongoing learning and more innovative and effective ways of addressing persistent disadvantage, including relational, collective and trust-based approaches.

Evidence shows locally led, whānau-centred and centrally enabled approaches can provide more effective assistance to people and families experiencing persistent disadvantage. However, these approaches are typically short term and under-resourced, and those that exist often struggle to meet the level of need and aspiration within communities.

Our recommendations

Build on system change already underway

We acknowledge that system change is not easy and requires time and commitment. Many people are already working hard to shift the system, and the broader values and most of the ideas needed are already available and present in the system.

He Ara Waiora is a wellbeing framework based on Māori knowledge that is being developed and applied alongside Treasury's Living Standard's Framework. He Ara Waiora, along with the All-of-Government Pacific Wellbeing Strategy, also emphasise collective and intergenerational perspectives on economic and community activity. These perspectives can help balance the overly individualistic and short-term focus that currently dominate the system.

A social floor should be established, and existing work must be progressed and expedited

A social protection floor is described as "nationally-defined sets of basic social security guarantees which secure protection aimed at preventing or alleviating poverty, vulnerability and social exclusion" (International Labour Office, 2012). Establishing this baseline is necessary to give effect to the implied social contract that enables business and economic activity.

Such a baseline standard of living would also need to be consistent with te Tiriti obligations of both partners. Several submissions also noted that a social floor would be consistent with Aotearoa New Zealand's human rights obligations under national laws and international agreements.

The Treasury and other agencies, working with people experiencing persistent disadvantage, should define such a floor as part of the Living Standards Framework and He Ara Waiora. This should include defining the levels of income required for individuals, families and whānau to meet the material requirements for social inclusion, while recognising that non-material requirements are also important.

In the short term, we recommend existing work relating to protective factors needs to be not only progressed but expedited. The Government should continue to develop and fully implement reforms in related policy areas. Although these reforms are part of the solution to addressing persistent disadvantage and may assist in providing basic living standards as part of the protective social floor, the recommendations in this report also need to be considered, to address the complexity and interconnection of factors that create and perpetuate inequities.

Gain cross-party agreement on approaches and long-term wellbeing objectives

We see value in pursuing a combination of the current and previous government approaches to addressing persistent disadvantage. It is important to identify where early investment could make the most difference in people's lives, and to set goals focusing on improvements to address the complex problems spanning multiple domains and agencies.

Cross-party agreement to develop and implement generational (20- to 30-year) strategic wellbeing objectives will be essential for sustaining the long-term commitment needed to address persistent disadvantage, with progress regularly monitored and reported.

Legislation and institutions to accelerate system shifts

A Social Inclusion Act – alongside, and complementary to, the Child Poverty Reduction Act 2018 – would underpin accountability for efforts addressing persistent disadvantage. The primary purpose of the Social Inclusion Act would be to require the Government of the day to state its short- and long-term objectives towards reducing persistent disadvantage in measurable terms, and to explain how it proposes to meet those objectives.

In recognition of the current absence of voice for future generations, as well as the inherent short-term bias within the public management system, a Wellbeing of Future Generations Act is recommended. This would establish a Parliamentary Commissioner for Future Generations, whose statutory role would be to represent the interests of future generations.

Adapt, evaluate, listen, learn, and innovate

The accountability and learning systems within the public management system should be reviewed and revitalised to encourage new approaches which work across government agencies, and to hear and value evidence from people and communities experiencing disadvantage. The objective is to develop a more responsive, relevant and accessible public accountability system that builds trust and empowers people – particularly those experiencing persistent disadvantage, who are not well served by current accountability settings. The public management system must be one that learns from experience, corrects mistakes and improves what it does. It should empower people experiencing disadvantage by giving them a more influential voice.

The Government should commission a programme of policy work aimed at enabling and sustaining more locally led, whānau-centred and centrally enabled initiatives that directly support people's autonomy to make changes in their lives. This work, which should be undertaken in collaboration with community partners, will require resourcing for both agencies and community partners.

Eligibility and accountability settings to ensure public funds are used appropriately should not excessively constrain the cross-cutting nature of these approaches. Eligibility criteria should include appropriate endorsement that organisations authentically engage with and are accountable to their respective communities. In particular, eligibility criteria should ensure organisations are accountable to the people in their communities that are experiencing persistent disadvantage.

Long-term funding needs to be committed to such initiatives, provided ongoing effectiveness and/or improvement can be demonstrated.

Collect better information

Aotearoa New Zealand has poor data on how people's fortunes change through time and across generations. The Government and government agencies should invest in data collection for measuring wellbeing and disadvantage over a life course, between generations, and within different communities.

Next steps

People experiencing persistent disadvantage need to be empowered to influence the decisions that affect their lives, whether those decisions are made in the public management system or in local support networks. In this report, we map out a sequence of actions needed to carry out our recommendations.

As individuals, as family, as whānau and as communities, the needs of people experiencing persistent disadvantage must be addressed in ways that are effective in enabling all to achieve the lives they value – respecting and enhancing their mauri ora. It is important for people to find support in their own communities from people they trust and can hold accountable. When mistakes occur or needs change, people should see support systems (whether national or local) change in a timely way to meet their needs.

More effective support and long-term commitments, decisions and actions addressing the underlying causes of persistent disadvantage in Aotearoa New Zealand are required. The benefits of fewer people and communities experiencing persistent disadvantage will be enjoyed across Aotearoa New Zealand, as the individual and collective potential of all are nurtured and increasingly realised.

Chapter 1 This inquiry

Introduction

The Government asked the Productivity Commission (the Commission) to examine economic inclusion and social mobility – a fair chance for all – with a focus on helping people experiencing persistent disadvantage. The Commission published an interim report in September 2022. That report set out our inquiry approach, along with interim findings and recommendations. It also provided preliminary findings from our quantitative analysis and an in-depth discussion of the nature and causes of persistent disadvantage.

This inquiry joins the call from many in our communities and from within the public sector, advocating for bold and innovative approaches to shape a future without persistent disadvantage.

Our final report, while acknowledging and drawing from many international experiences, recognises Aotearoa New Zealand's place in the world – with our own unique historical and cultural context. The Commission recognises the importance of te Tiriti o Waitangi (te Tiriti)[4] as a founding document of Aotearoa New Zealand.

Although our terms of reference did not make a distinction, we note there are critical differences between the Māori and English language versions of te Tiriti. We acknowledge these differences, and that the Māori text best reflects what was discussed with, and understood and agreed to by Māori (Waitangi Tribunal, 2014a).[5]

Our interim recommendations were focused on the overall settings of the "public management system" – particularly those "macro", or national-level system settings that embed persistent disadvantage, and the macro-level shifts needed to empower people and communities to live well.

This final report brings together our findings and recommendations on this important and complex topic, building on our earlier findings of the nature and causes of persistent disadvantage and focusing on recommended solutions. It should be read alongside our quantitative report,

4 Following the Waitangi Tribunal (2014b) we use "te Tiriti o Waitangi" or "te Tiriti" to specify the reo Māori text. When referring more generally to "the treaty" or an interpretation encompassing both texts, we use the English word and a lowercase "t".

5 The Waitangi Tribunal (2014b) provides a detailed analysis of the differences in the texts and their interpretation, and summary guidance and the application of treaty interpretation principles online: https://www.waitangitribunal.govt.nz/treaty-of-waitangi/meaning-of-the-treaty/.

A quantitative analysis of disadvantage and how it persists in Aotearoa New Zealand (NZPC, forthcoming), which provides detailed definitions for how we have measured persistent disadvantage, as well as in-depth empirical findings. Our qualitative insights from literature, workshops, submissions and interviews are summarised in *Causal diagrams to support 'A fair chance for all'* (Connolly, 2023).

Our kaupapa

The terms of reference for this inquiry asked the Commission to "undertake an inquiry into economic inclusion and social mobility, focusing on the drivers and underlying dynamics of persistent disadvantage". We define persistent disadvantage as disadvantage that is ongoing, whether for two or more years, over a life course, or intergenerationally. Our definition of persistent disadvantage sets out three domains:

- being left out (excluded or lacking identity, belonging and connection);
- doing without (deprived or lacking the means to achieve their aspirations); and
- being income poor (income poverty or lacking prosperity).

Rather than seeking to define economic inclusion and social mobility separately, the interim report concluded both terms can be integrated in the concept of "social inclusion".

Social inclusion was defined as "for all New Zealanders to live fulfilling lives where individuals, their families, whānau and communities have a strong sense of identity, can contribute to their families and communities, have the things they need to realise their aspirations, and nourish the next generation" (NZPC, 2022a, p. 17). In doing so, the Commission drew from earlier Royal Commissions on social inclusion, Treasury's Living Standards Framework, the All-of-Government Pacific Wellbeing Strategy, and He Ara Waiora – a tikanga framework that conceptualises a Māori perspective on wellbeing.

We worked with Treasury and Ngā Pūkenga, a group of Māori thought leaders, to adapt He Ara Waiora, using mauri ora as the central concept to describe the wellbeing and productivity outcomes we are seeking for New Zealanders in this inquiry (Figure 1).[6] According to Durie (2017) mauri ora is a state of being healthy, vital and in balance. The opposite of mauri ora is mauri noho – "languishing" or "sitting dormant" – in other words, disadvantage. Mauri noho is an apt description of people living in disadvantage, and who are experiencing barriers to living the lives they want to live.

Our mauri ora approach is multi-dimensional and includes the four dimensions of human wellbeing from He Ara Waiora. These dimensions are reflected in our definition of persistent disadvantage, and in the subsequent analysis in this report, which seeks to enhance the mana and wellbeing of people experiencing disadvantage. Working in a mana-enhancing way is a central theme of He Ara Waiora and is emphasised in manaakitanga (showing proper care and respect). Throughout this report we refer to enhancing "mana and wellbeing", or just "wellbeing" as shorthand.

6 We acknowledge the breadth of this concept that has no direct English translation. Durie (2017) used "flourishing" to describe mauri ora and "languishing" for mauri noho. In formulating our mauri ora approach, we were mindful of the tensions inherent in adapting a tikanga framework, understanding there is an ongoing preference for He Ara Waiora to be applied as a whole. We appreciate the support and guidance of members of Ngā Pūkenga and Treasury to adapt the framework for our inquiry. We encourage others to also seek guidance in their application of He Ara Waiora.

Figure 1 The New Zealand Productivity Commission's "Mauri ora" approach

People and communities experience wellbeing through four mana-enhancing dimensions.

- **Mana tuku iho** – have a strong sense of identity and belonging.
- **Mana tauutuutu** – participate and connect within their communities, including fulfilling their rights and obligations.
- **Mana āheinga** – have the capability to decide on their aspirations and opportunities to realise them in the context of their own unique circumstances.
- **Mana whanake** – have the power to grow sustainable, intergenerational prosperity.

Source: NZPC (2022a).

In embracing te Tiriti, we see He Ara Waiora as being both complementary to a broader understanding of wellbeing, and a distinct Māori perspective on wellbeing. For example, we see the explicitly holistic and intergenerational approach as complementary to other wellbeing frameworks such as the Living Standards Framework, while recognising the underlying concepts and principles as distinctly Māori. As noted by Treasury, "many of its elements are relevant to lifting the intergenerational wellbeing of all New Zealanders" (The Treasury, 2022, p. 19).

He Ara Waiora is also the source of the five values we propose for how the Government and public management system should act to enhance the mana and wellbeing of individuals, their families, whānau and communities (McMeeking et al., 2019). These values are listed below and described in more detail in Chapter 4 (Box 6).[7]

- **Kotahitanga** – working in an aligned, coordinated way.
- **Tikanga** – making decisions in accordance with the right values and processes including in partnership with te Tiriti partners.
- **Whanaungatanga** – fostering strong relationships through kinship and/or shared experience that provide a shared sense of wellbeing.
- **Manaakitanga** – enhancing the mana of others through a process of showing proper care and respect.
- **Tiakitanga** – guardianship, stewardship (for example, of the environment, particular taonga or other important processes and systems).

7 Box 6 in Chapter 4 includes a definition of values as "moral or guiding principles in the lives of individuals and collectives – our key motivational force". While Treasury have variously described the means as values or principles, we are using "principles" elsewhere, so for clarity we use "values" when talking about what He Ara Waiora means.

Disadvantage has a temporal dimension. Our terms of reference directed us to focus on "persistent disadvantage", which we have defined as being ongoing or recurrent over two or more years, or over a life course. Intergenerational disadvantage is persistent disadvantage that occurs across generations. The companion report to this report provides more discussion on various forms and definitions of disadvantage, including examining patterns of persistence, recurrence and temporary disadvantage (of less than two years).

Drawing on several studies, our interim report highlighted factors with an intergenerational impact on wellbeing and disadvantage. These factors included maternal education, cultural disconnection, adverse early life experiences, housing quality and the toxic stress that results from a lack of material resources.

Although these factors are symptoms of disadvantage, they also generate further disadvantage through their impacts on childhood development and educational achievement, which flow into adult employment, health and economic outcomes, which then impact the next generation (NZPC, 2022a, pp. 52–54).

The Treasury's recent wellbeing report highlighted that our current generation of younger New Zealanders fare worse than older people on mental health, educational achievement and housing affordability measures (The Treasury, 2022, p. 2).

In recognising the complexity of the world and the factors that cause and sustain persistent disadvantage, we have taken a systems approach to understand how to address root causes of persistent disadvantage.

Although the causes of disadvantage often lie outside the public management system, policy choices can directly and indirectly affect people's ability to thrive. The public management system has a powerful influence on determining whose voices are heard and acted on during policy development, what information and evidence is drawn on, what frameworks and tools are used to inform advice and decision making (including funding decisions), what eligibility criteria may be set, and how people in the system are held to account.

Further, public service leaders and the public service as an institution have both a duty of care to "strive to make a difference to the well-being of New Zealand and all its people" (State Service Commission, 2007) and a stewardship obligation.

The focus of this inquiry is on how the public management system can shift to enhance the wellbeing of New Zealanders and better achieve a fair chance for all, especially people experiencing persistent disadvantage.

The relationship between productivity and wellbeing

Productivity and wellbeing are interrelated in a complex way. Wellbeing has multiple influences, with productivity being just one of them. Greater wellbeing can also lead to higher productivity.

For the Commission, the primary purpose of increasing productivity is to lift the wellbeing of New Zealanders. Understanding the relationship between the two allows us to approach our work in a way that makes productivity meaningful and not merely an end in itself. This allows us to focus on what is beneficial for the people of Aotearoa New Zealand.

Our terms of reference called on us to "explore how realising people's potential (through reducing persistent disadvantage) translates into direct increases in wellbeing, as well as higher productivity and better economic performance". This is a large area of research and would require substantial time and resources to comprehensively quantify. Although the economic benefits are likely to be large (see Box 1 and the Commission's supporting paper that draws on available literature (NZPC, 2022b), we consider that the human rights and public good arguments are just as important, if not more so.

Box 1 **Reducing persistent disadvantage could raise productivity and create substantial social and economic benefits for everyone**

The main social and economic benefits of reducing persistent disadvantage (seen through the lens of our Mauri Ora approach) include:

- enhanced prosperity (mana whanake) through an increase in economic output, productivity and contribution to our communities through paid work and unpaid work;
- greater intergenerational prosperity and system stewardship (mana whanake) through better use of public resources by freeing up government investment to support prevention, instead of dealing with emergencies that arise from people exposed to disadvantage;
- enhanced capabilities and opportunities (mana āheinga) through more resources available to support future social and economic wellbeing, including increased support within communities, investment in skills and knowledge, new technologies, and innovation;
- enhanced identity and belonging (mana tuku iho) through greater social cohesion and trust within communities; and
- enhanced connectedness (mana tautuutuu) through stronger democratic processes by giving more people a voice in decision making (NZPC, 2022c).

Persistent disadvantage wastes the talents and contributions of people who are unable to fully support their family and whānau and fully participate in their communities and the wider economy. These lost opportunities do not just impact individuals who experience persistent disadvantage; they make all New Zealanders worse off, including future generations.

Although we have been unable to directly quantify all of these costs due to data limitations, the total impact of reducing persistent disadvantage is likely to be large. A New Zealand study in 2011 estimated that child poverty alone costs Aotearoa New Zealand $8 billion per year – equivalent to 4.5% of GDP in 2011 (Pearce, 2011). A further breakdown of these estimates reveals that if child poverty was eradicated, around one-third of the benefit goes directly to the individual through higher employment income. However, two-thirds of the economic benefit would accrue to the broader community in the form of increased employment income, lower preventable expenditure by government on welfare, health and justice, and the benefits of avoiding the costs of overcrowded health services and crime in people's day-to-day lives (Holzer et al., 2008).

The evidence used to support this inquiry

Our approach emphasised research evidence and broad engagement. In developing our findings and recommendations, the Commission has drawn on evidence from many sources including:

- conducting more than 140 meetings or other engagements with individuals and organisations;
- hearing from over 1,000 people on the terms of reference and interim report;
- reviewing government agency reports and data, relevant academic and other research, and previous inquiries into, and reviews of, social services;
- engagement with 32 government organisations, including through a series of six policy workshops;
- commissioning nine research reports and reviews (Table 1); and
- referring to the Commission's *More Effective Social Services* (2015a) inquiry report.

We also undertook significant quantitative research as part of this inquiry. Our companion report, *A quantitative analysis of disadvantage and how it persists in Aotearoa New Zealand* (NZPC, forthcoming), uses existing data to quantify and explore factors contributing to persistent disadvantage and how it impacts on wellbeing.

Table 1 lists the internal and external research undertaken for the inquiry. All supporting research publications can be found on the Commission's website.

Table 1 Inquiry research reports

Publication	Description
Connolly (2023) *Causal diagrams to support 'A fair chance for all'*	The report presents diagrams that provide an integrated picture of the interconnected factors contributing to people's persistent experience of disadvantage, particularly in relation to the public management system.
Creedy, J & Ta, Q (2022) *Income Mobility in New Zealand 2007–2020: Combining Household Survey and Census Data*	A report (in partnership with Victoria University of Wellington) that describes income mobility patterns in New Zealand over the short-to medium term. It uses a special dataset that tracks Household Labour Force Surveys over the period from 2007–2020 using 2013 Census data.
FrankAdvice (2023) *A learning system for addressing persistent disadvantage*	The report considers what a good learning system might look like in terms of the key players and key components of the system. It then maps these against the current system in Aotearoa New Zealand to identify what the gaps are and the actions that would be needed to address them.
Fry (2022) *Together alone: A review of joined-up social service*	A report that looked at 18 initiatives spanning a broad range of joined-up social services for people with the greatest needs. The report found that successful collaboration among social service agencies can build individual, whānau and community capabilities. Joined-up services are the most helpful for people facing many complex barriers to reaching their aspirations.
Haemata Limited (2021) *A fair chance for all: Breaking the disadvantage cycle*	A report to elicit Māori input to the preparation of the terms of reference for the Commission's inquiry – 'A Fair Chance for All: Breaking the disadvantage cycle'.
Haemata Limited (2022a) *Colonisation, racism and wellbeing*	A report exploring the relationship between colonisation, racism and wellbeing for Māori and Pacific peoples.

Publication	Description
Haemata Limited (2022b) *Wānanga Feedback Report disadvantage cycle*	A report to gather feedback from Māori providers, whānau, and community members on the inquiry's interim report.
Prickett et al. (2022) *A fair chance for all? Family resources across the early life course and children's development in Aotearoa New Zealand*	A report using the GUiNZ study to examine how resources, such as household income and housing stability, cluster together across early-to-middle childhood for children/tamariki in Aotearoa New Zealand, which children are most likely to experience these different patterns of resources, and whether the level of resource is associated with child wellbeing.
Wilson & Fry (2023) *Working together: Re-focusing public accountability to achieve better lives*	This report by NZIER economists reviews the economics of accountability and discusses how the system of public accountability in Aotearoa New Zealand can contribute to increasing the productivity and effectiveness of the social assistance system.
New Zealand Productivity Commission (2022a) *Te puna kōrero: Understanding persistent disadvantage in Aotearoa New Zealand*	A report that provides a better understanding of the experiences of people living in persistent disadvantage.
New Zealand Productivity Commission (2022b) *The benefits of reducing persistent disadvantage*	A report that provides a summary of the benefits of reducing persistent disadvantage for individuals, families, whānau and the wider community.
New Zealand Productivity Commission (forthcoming 2023) *A quantitative analysis of disadvantage and how it persists in Aotearoa New Zealand*	This report presents quantitative analysis focusing on understanding disadvantage and its persistence in Aotearoa New Zealand.

We honoured what people experiencing persistent disadvantage have already shared

We did not want people to have to repeat their stories to this inquiry or become another government agency "car up the driveway". Instead, we talked to people and groups with knowledge and experience of supporting individuals and whānau experiencing persistent disadvantage. We also reviewed reports that had previously collected lived experiences of persistent disadvantage.

In addition, we worked with Haemata Limited to facilitate wānanga with Māori providers, whānau, and community members to provide feedback to the Commission on the terms of reference and interim report. We also had input from nine leaders from Pasifika organisations in Auckland at a talanoa session to provide feedback on the inquiry's interim report.

> **We very much appreciate the time people took to provide input into the inquiry. We acknowledge that we were not able to hear from every community in Aotearoa New Zealand.**

The structure of this report

Chapter 2 looks at the dynamics and drivers of persistent disadvantage in Aotearoa New Zealand. The first part of the chapter presents high-level findings from our quantitative research. We then build on the systems approach taken by the interim report, discuss systemic barriers constraining the public management system, and how the system is evolving its ability to respond to complex societal challenges. This exploration of the systemic barriers and their origin provides the context for the recommendations that are introduced in **Chapters 4 to 6**.

In seeking to understand the nature of disadvantage, **Chapter 2** undertakes a largely "deficit-framed" analysis. In **Chapter 3**, we then present a vision for the future and promote a strengths-based approach as directed by the scope of our terms of reference.

Chapter 3 also sets out a vision for a public management system that empowers people to lead better lives. It provides examples of how the system can embrace te Tiriti and discusses the development and application and integration of wellbeing approaches.

Chapters 4 to 6 focus on how to achieve the vision presented in **Chapter 3**, by setting out our recommendations and supporting analysis and discussion. **Chapter 4** looks at some of the explicit and implicit assumptions underlying how government works and sets out how we can change the macro-level settings of the system to address disadvantage. **Chapter 5** looks at how we can reshape our accountability system to support relational, collective, and trust-based ways of working. **Chapter 6** then sets out how we can enable more effective learning and improvement within the public management system.

From a systems perspective: the macro-level provides purpose and direction for the system (**Chapter 4**); the meso-level centres the accountability system (**Chapter 5**); and the micro-level drives learning and voice (**Chapter 6**).

Chapter 7 lists the detailed recommendations and considers how these could be implemented over time to accelerate and reinforce the transition to a public management system that is fit for the future.

Chapter 2

The dynamics and drivers of persistent disadvantage

This chapter is in two parts. The first part presents high-level findings from our quantitative research. We then recap and build on the systems approach we took in the interim report, and we discuss systemic barriers constraining the public management system and how the system is evolving its ability to respond to complex societal challenges.

Our quantitative research

Most reporting on disadvantage in Aotearoa New Zealand is based on cross-sectional data that does not indicate whether it is temporary or persistent. The Living in Aotearoa survey by Statistics NZ aims to provide more information on the persistence of income poverty and material hardship, but its results for the first three years will not be reported until 2024. This inquiry has therefore had to rely on available sources, which provide only limited longitudinal data.

As explained in Chapter 1, the inquiry defined persistent disadvantage as having three domains: being left out, doing without, and being income poor. We were only able to measure persistent disadvantage in two time periods (2013 and 2018), using seven measures from census data. The inquiry also analysed the factors contributing to temporary or persistent disadvantage by linking census data with Household Economic Survey data from 2015/2016 to 2020/2021.

We focused on households with at least one adult aged 25 to 64, which we refer to as "peak working age households". Individuals in peak working age households who experienced disadvantage in at least one of the three domains in two consecutive time periods were considered to have persistent disadvantage.

More information on the datasets and methods used to measure persistent disadvantage, as well as the analysis of young and older households, is provided in our supplementary report to the inquiry *A quantitative analysis of disadvantage and how it persists in Aotearoa New Zealand* (NZPC, forthcoming).

Too many New Zealanders experience persistent disadvantage

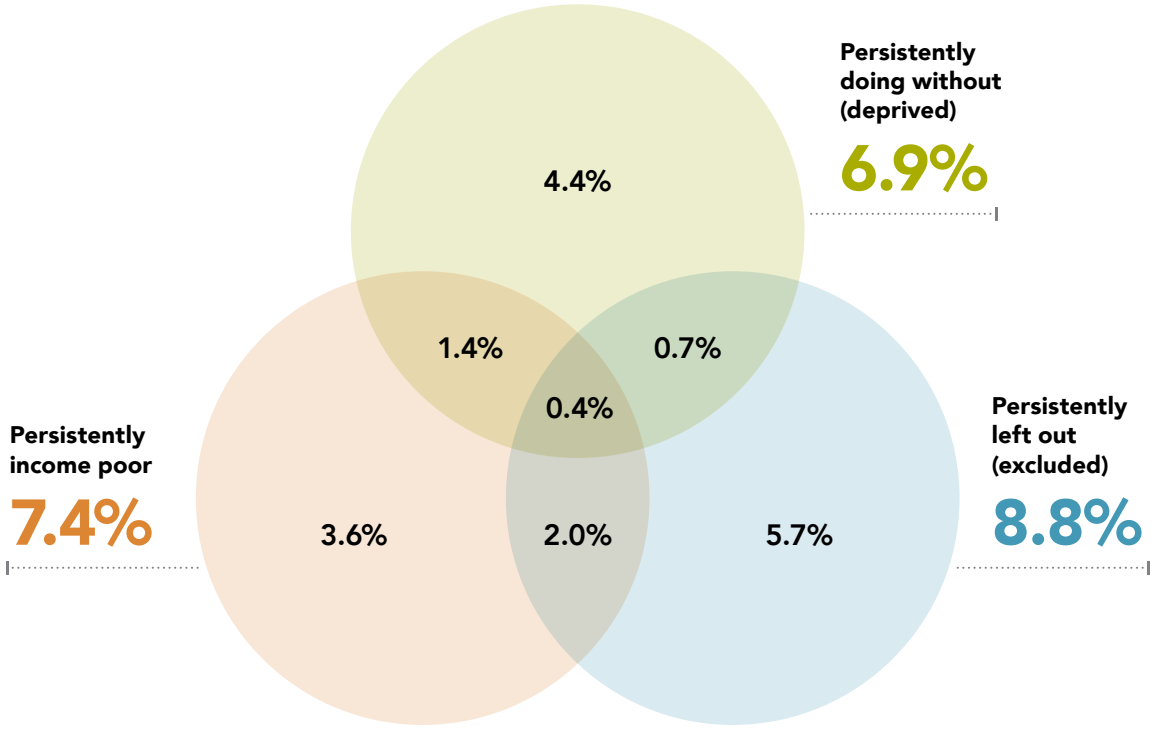
Despite their innate strengths and the ability of people and communities to withstand life's challenges, not everyone in Aotearoa New Zealand is experiencing mauri ora.

Close to one-fifth of New Zealanders experienced persistent disadvantage in both 2013 and 2018

We found that approximately one in five New Zealanders (18.2% or 697,000) experienced persistent disadvantage in one or more domains in both 2013 and 2018. Around one in twenty New Zealanders (4.5% or 172,000) experienced complex and multiple forms of persistent disadvantage (in two to three domains).

The most common persistent disadvantage experienced was being left out (8.8% or 337,000), followed by being income poor (7.4% or 283,000) and then doing without (6.9% or 265,000).

Figure 2 Persistent disadvantage across three domains (using seven measures) in 2013 and 2018



Source: NZPC analysis of Census 2013 & 2018 for peak working age households.

Some groups experienced higher rates of persistent disadvantage

On average, current-day New Zealanders are healthier, better educated, have higher incomes, and live in communities with less crime than previous generations. However, this aggregate story conceals significant differences in wellbeing – demographically, geographically and intergenerationally (NZPC, 2022a; The Treasury, 2022).

As shown in Table 2, the proportions of renters in public housing ("public renters"), people from families with no formal (high school) qualifications, sole parents, and Pacific peoples who experienced persistent disadvantage in one or more domains were two to four times greater than the "average" Aotearoa New Zealand population. Between 60% and 70% of public renters and households with no high school qualifications experienced some form of persistent disadvantage. Note that these relationships should not be interpreted as group membership causing deprivation; for example, allocation of public housing is based on income, savings, and other need, so this relationship between disadvantage and public housing is true by design.

Although more households with Māori and people with disabilities experienced persistent disadvantage at rates higher than average peak working age households, Pacific peoples and sole parents had even higher rates. Asian peoples experienced being income poor or doing without at rates 1.5 times greater than the average peak working age households, but they were less likely to be left out or experience persistent disadvantage in two or all three domains.[8]

Finding 1

Approximately 697,000 New Zealanders experienced persistent disadvantage in one or more domains in both 2013 and 2018. A total of 172,000 people experienced complex and multiple forms of persistent disadvantage in two or three domains in both 2013 and 2018. Māori, people with disabilities, Pacific peoples, and sole parents experienced higher rates of persistent disadvantage compared with rest of the peak working age households in Aotearoa New Zealand.

Table 2 Percentage of population group experiencing persistent disadvantage in specified domains in both 2013 and 2018 (peak working age households (HH))

		Persistently disadvantaged		
Population groups more likely to experience persistence	Population (%)	One domain in both years (%)	Two or more domains in both years (%)	Any type of disadvantage in both years (%)
Public renters	5.2	33.2	30.1	63.4
No high school qualification in HH	6.4	46.5	22.5	68.8
Sole parents	9.5	24.8	11.5	36.4
Disability	4.1	21.1	9.9	31.1
Māori	16.9	18.0	8.5	26.6
Pacific	9.0	31.1	14.6	45.7
Asian	17.7	15.8	3.8	19.5
Total – peak working age HH	100	13.7	4.2	18.2

Note: "Population" is the households with at least one adult aged 25–64 years ("peak working age households").

8 Due to data limitations, we regret that we were unable to break these broad categories down into more appropriate subgroups.

Manukau (within the Auckland region) had the highest proportion of people experiencing persistent disadvantage in one or more domains, and the Wellington region, the South Island and Waitemata (within the Auckland region) had the smallest. The geographic distribution of persistent disadvantage we found followed a similar pattern of distribution to the New Zealand Deprivation Index,[9] which ranks communities from the least to the most deprived, based on a set of nine census measures (Atkinson et al., 2019).

For many people, disadvantage does not persist

All of us experience challenges in our life that can temporarily impact our wellbeing and move us into mauri noho. For most of us these periods of disadvantage are relatively short: our analysis found that 45%–48% of working age New Zealanders experienced disadvantage at least once in a 5-year period, but for 60%–63% of them this may have been a temporary or one-off experience. For example, young people's first jobs are typically at lower pay than they will earn in their later life, as they acquire skills and experience, and learn what employment best suits them. Many people can get themselves through a temporary period of disadvantage by drawing on their own resources, accessing support from family and friends and the local community, and from the Government (McLachlan et al., 2013; NZPC, 2022a).

The rate of disadvantage in Aotearoa New Zealand is fairly constant over time

We used the Household Economic Survey to examine trends in temporary disadvantage across the three domains over six years between 2015–2016 and 2020–2021. We found the rate of disadvantage, whether experienced in one domain or over more domains (being income poor, doing without or being left out), remained fairly consistent in that six-year period. We found that, generally, annually reported rates of disadvantage in any domain or combination of domains were at least twice the rates of persistent disadvantage we reported. This is consistent with an earlier New Zealand study using six years of data from the Survey of Family Income and Employment (Gunasekara & Carter, 2012). However, this finding is limited by data availability, and it may not hold over longer periods or, for example, through economic downturns.

Any experience of disadvantage negatively affects life satisfaction and wellbeing

Life satisfaction has been found to be a good indicator of subjective wellbeing. For example, De Neve et al. (2020) report life satisfaction ratings as being correlated to third-party reports and biomarkers of health, a good predictor of life expectancy, and highly reliable on retesting of the same populations.

As might be expected, we found that people with no temporary or persistent disadvantage have the highest life satisfaction scores of any group. Life satisfaction declines when disadvantage in any domain is experienced, and it decreases further if disadvantage is experienced in multiple domains or over longer time periods.

9 The New Zealand Deprivation Index (NZDep) is a socioeconomic deprivation index derived from a range of Census 2013 and 2018 measures including low-income household, no internet access in household, people with no job, people with no qualifications, overcrowded housing, damp and/or mouldy housing, people living in households receiving means-tested benefits, sole parent households, or those not living in their own home. NZDep is based on meshblocks in 2013 and reformulated as "statistical area 1" (comprised of one or more meshblocks with a maximum population of 500) in 2018, to divide the country into 10 equal parts or "deciles". Hence, there will always be "most deprived" deciles (10) and "least deprived" deciles (1). A fuller explanation of the NZDep 2013 and 2018 is found at Otago NZDep, along with interactive maps of neighbourhoods across Aotearoa New Zealand.

The drivers of disadvantage are systemic

We have taken a system-wide approach

Employment, education, housing and health are all social policy sectors which can make a direct difference in people's lives. However, as required by the terms of reference of this inquiry, we have taken "a system-wide and whole-of-government perspective" and investigated the role of the public management system. Many submitters have recommended and supported this approach throughout the inquiry.

As described previously, there have been many reports and recommendations on how to address disadvantage, yet it persists at significant levels. The reason is partly a lack of political commitment, but even when there is political commitment, there are other factors at work – often within the public management system – which get in the way of following through on recommendations. As illustrated by the Royal Commission of Inquiry into Abuse in Care and the report of the Welfare Expert Advisory Group, actions by the public management system can create or exacerbate disadvantage, rather than reducing it, if decision-makers are not held to account and corrective actions are not promptly applied. Although sector-specific policies have received attention on many occasions, there has been much less investigation on the role of the public management system itself in addressing persistent disadvantage.

The Commission, in its function as an independent advisor to the Government, is well placed to fill this gap.

We identified four barriers as underlying drivers of disadvantage

In taking a systems approach, our interim report recognised that findings such as communities experiencing higher rates of disadvantage are symptoms of deeper issues. We hypothesised four "barriers" as underlying drivers of disadvantage, and as factors that keep people trapped (NZPC, 2022). Generally, submitters endorsed those system barriers (NZPC, 2023a) with some, like the New Zealand Council of Christian Social Services, explaining how those barriers are observed in everyday work with clients.

> *Our members evidence these barriers through the experiences their clients face in interacting with systems and services designed to offer help to those experiencing disadvantage. More and more kaimahi time is being spent advocating for clients who are weary, disillusioned, and desperate as a result of their mana being diminished in their attempts to access the support they are entitled to. (sub. DR120, p. 2)*

These submissions, and the feedback we got from many officials at workshops, give us confidence to reaffirm our view that those barriers are holding back the initiatives and changes needed to address persistent disadvantage, and are keeping people trapped. The following sections discuss these barriers in more detail, but first we provide high-level comments on the nature of the barriers and relationship between them. The first two barriers are as follows.

- **Power imbalances** – policy and service responsiveness is strongly skewed toward people who have political, social or economic power, which entrenches the cycle of disadvantage.
- **Discrimination and the ongoing impact of colonisation** – people of European descent became the ethnic majority and instituted assimilation and land alienation policies that continue to disadvantage Māori. Institutional racism and discrimination against other groups is also prevalent, including towards Pacific peoples, women, migrants, LGBTQ+ communities, sole parents and people with disabilities.

Power imbalances, discrimination, and the ongoing impact of colonisation exist within our wider society. They provide the economic and social context for both advantage and disadvantage and can be reflected and amplified by the public management system. For a high-level example, historic and contemporary breaches of te Tiriti o Waitangi (te Tiriti) by the Crown are instituted through the public management system. Discrimination also reflects societal power dynamics, making this barrier a subset of power imbalances. As discussed in following chapters, these barriers can be addressed by broadening the values of the system and including the voices of disadvantaged people in decision making, along with better operationalising te Tiriti and international obligations.

The second two barriers are as follows.

- **Siloed and fragmented government** – disadvantage is a complex problem, but our public services are focused on providing standardised services to individual people through ministries and agencies focused on separate sectors.
- **Short-termism** – our systems are too focused on the immediate issues of the day, at the expense of addressing long-term challenges or anticipating what might lie around the corner.

These barriers relate more closely to the design and operation of the public management system. Silos and fragmentation get in the way of the whole-of-government, whānau-centred, and locally led approaches that are needed, and which have been shown to be effective in addressing disadvantage. Silos and fragmentation can be addressed through new models of public management that emphasise the co-creation of support through networks and partnerships, such as Whānau Ora.

Short-termism reflects that the attention of voters and politicians is more easily captured by the immediate, certain and visible nature of the present, at the expense of meeting long-term and future challenges. This bias must be balanced in recognition of the intergenerational impacts of persistent disadvantage, and to achieve the long-term commitment needed to address persistent disadvantage.

The complex interactions between these barriers, the causes and impacts of disadvantage, and the influences and tensions within the public management system are explored diagrammatically in a companion report, *Causal diagrams to support 'A fair chance for all'* (Connolly, 2023). Developing these diagrams helped the inquiry team to develop an integrated picture of the interconnected elements contributing to people's persistent experience of disadvantage.

Finding 2

The drivers of disadvantage are systemic. Broader societal barriers are reflected in the public management system. Power imbalances, discrimination, and the ongoing impacts of colonisation form part of the economic and social context for both advantage and disadvantage in Aotearoa New Zealand. In addition, siloed and fragmented government and short-termism reflect well-known challenges that the public management system has been grappling with for decades.

Power imbalances create advantage for some people and compound disadvantage for others

Power is the ability to act on or influence something. Political power is the ability to shape the outcome of contested policies, including through shaping the political agenda and public opinion. People with more power have more influence on the design of policies and services, which become more responsive to, and better meet their needs. At the extremes, wealthy people can have a greater influence over important decisions (Gilens & Page, 2014; Schakel, 2019), and powerful people can get direct access to politicians to influence policy (Edwards, 2022; Espiner, 2023a, 2023b), but vulnerable groups feel invisible (NZPC, 2023a).

Social and economic differences drive power imbalances

In Aotearoa New Zealand, income and wealth are very unevenly distributed (T. Hughes, 2022b), and demographic and geographic inequities are evident across our education, housing, justice, welfare and health sectors. These social and economic differences have a significant and direct influence on the extent to which particular groups of people are more or less likely to experience disadvantage in their lives. Power imbalances mean the voices of people and communities more likely to experience disadvantage are not listened to or heard; their needs are less likely to be understood or met; and, consequently, they continue to experience inequitable outcomes.

There are many factors within the influence of government policy and the design of public services that can protect people against becoming disadvantaged or persistently disadvantaged. As set out in our interim report (Finding 4.5), protective factors include adequate income, housing, health and social connection, cultural identity and belonging, knowledge and skills, access to employment, stable families, and effective government policies and supports (NZPC, 2022a). For example, getting a good start in life is critical, as childhood adversity can impact social and cognitive development (Advisory Group on Conduct Problems, 2009; Center on the Developing Child, 2010; Wallander et al., 2021). The effects of a disadvantaged start are reversible through effective support during pregnancy and childhood (Bush et al., 2023; McEwen & McEwen, 2017), but failure to provide support through equitable health, education and housing policies can have adverse life course and intergenerational impacts (see Box 2). Yet it can be difficult for governments to prioritise such polices if "advantaged" people already have protective factors, disadvantaged people lack voice, and decision-makers lack diversity or understanding of the lives of people experiencing disadvantage.

The system reinforces advantage and disadvantage

The system is often not responsive to people and groups experiencing disadvantage, and who struggle to get the support they need. For example, Māori have higher rates of many diseases, less access to services, and they benefit less from the treatments they receive (HQSCNZ, 2019). This means different people can experience the same system very differently and can have very different, yet legitimate perspectives on the same issue. The system cannot deliver a "fair chance for all" when decisions are based on the experiences of people who are advantaged, and when the system fails to include the voices of disadvantaged groups.

The health sector has long recognised that power distribution in society has a central role in generating patterns of inequitable outcomes. In 1971, a doctor in the United Kingdom named inequity in the provision of healthcare "the inverse care law", observing the double injustice that disadvantaged populations are more susceptible to illness than socially advantaged people, and they need more healthcare than advantaged populations yet receive less (Cookson et al., 2021). In Aotearoa New Zealand, this inequitable access to healthcare is reflected in the health outcomes of population groups that experience high rates of disadvantage (Baker et al., 2012; Sharma et al., 2021).

Tertiary education and high literacy and numeracy skills are strongly associated with better labour-market and social outcomes (OECD, 2019a). Although education could substantially reduce persistent disadvantage (Llena-Norzal et al., 2019; The Treasury, 2012), socioeconomic background has a pervasive impact on student achievement and participation in higher education (OECD, 2016). People whose parents are not tertiary educated are under-represented in tertiary education and are more likely to leave the education system at each educational milestone (OECD, 2019a). Families experiencing persistent disadvantage may lack the resources for their children to fully participate in education, and children can experience ableism, bullying (OECD, 2019a) and racism at school.

> *Some teachers are racist. They say bad things about us. We're thick. We smell. Our uniforms are paru [dirty]. They shame us in class. Put us down. Don't even try to say our names properly. Say things about our whānau. They blame us for stealing when things go missing. Just 'cause we are Māori. (Bishop & Berryman, 2006, p. 11)*

In OECD countries, highly educated people live an average six years longer than less educated people, with higher employment rates and lower job insecurity (Llena-Norzal et al., 2019). In Aotearoa New Zealand, our schooling system is less effective for people from disadvantaged backgrounds than in comparable OECD countries (OECD, 2019a). Māori and Pasifika peoples are under-represented in university student and staff numbers, especially in science, technology, engineering and maths (STEM); they experience marginalisation, racism and exclusion, and staff experience pay and promotion inequities (McAllister, 2022). Until these inequities are resolved, health and education systems in Aotearoa New Zealand are more likely to reinforce advantage, rather than acting as interventions through which equity can be achieved.

Power imbalances thwart trust and drive disengagement and further disadvantage

Power imbalances also thwart trust, which is a critical ingredient in reaching people who have disengaged due to negative past experiences with "the system". Disengagement drives further disadvantage and exacerbates the consequences of disadvantage (Haemata Limited, 2022b).

> *For those without support, or who lack confidence or sufficient communication skills, this power imbalance presents as a lack of care and empathy and can mean they are not able to engage with the public services they may require (ibid, p. 15).*

If people experiencing disadvantage do not get early and effective support, their problems persist, which further restricts their choices and opportunities, and worsens their situation. They may then experience persistent loss of wellbeing, increasing vulnerability to further disadvantage. This can also be transmitted to future generations, as highlighted in Box 2.

Box 2 **Failing to provide effective and early support, especially in early childhood, can have long-term and intergenerational impacts**

Persistent disadvantage can lead to toxic stress for both children and adults, which can have long-term negative impacts on individual and whānau health and wellbeing, and can be transmitted to future generations, as the stress affects the environment within which children live and grow (Bush et al., 2023; McEwen & McEwen, 2017). The life course and intergenerational impact of poverty and adversity were also highlighted by submitters (Poverty Free Aotearoa, sub. DR139; David King, sub. DR155).

Parents and whānau experiencing persistent disadvantage have fewer resources to invest in their children to keep them healthy and help them develop, and resource scarcity can cause overwhelming stress (Knowles et al., 2016; Ministry of Social Development, 2018; The Southern Initiative, 2017). In addition, studies have shown that toxic stress can lead to changes in DNA, affecting the expression of genes that regulate stress and emotional responses – potentially leading to increased risk of mental health issues, substance abuse, and other health problems in future generations (McEwen & McEwen, 2017).

"Toxic stress" is a term used to describe a chronic stress response that occurs when a person experiences ongoing adversity, such as abuse, neglect, or poverty, without adequate support (National Scientific Council on the Developing Child, 2014). It can impact the development of a child's brain, immune system, and other organ systems, leading to physical and mental health problems throughout their life (ibid.). Toxic stress can also have negative impacts on social and emotional development, including the ability to form healthy relationships and manage emotions (ibid.).

The impacts of toxic stress can be particularly severe in childhood, as this is a critical period for brain development (ibid.). Critically, many of these effects are reversible through effective support during pregnancy and childhood (Bush et al., 2023; McEwen & McEwen, 2017).

Several submissions highlighted the complex and unique position of children in relation to persistent disadvantage (sub. DR90, 100, 107, 117, 119, 124, 127, 129, 139 and 140). Several submissions agreed with the finding that early intervention to prevent disadvantage during a child's early years is critical to breaking the cycle of disadvantage (sub. DR100, 124 and 140).

A recent New Zealand study identified children who had limited access to resources (such as low income, parents not in employment and living in an overcrowded home) during their early childhood (Prickett et al., 2022a). The parents of the children who experienced access to below-average levels of resources reported that their children had high levels of depression, anxiety, and aggressive behaviours during their early childhood. The children also had less well-developed skills needed to think, learn, remember, reason, and pay attention (ibid.). These skills are critical to education and skill development, subsequently to employment opportunities and earning potential.

Power imbalances are felt within all levels of the public management system

As described in Chapter 5, the public sector can be very hierarchical, constraining what is perceived as "legitimate action" by public servants. Many public servants we spoke to expressed the discomfort they experience when existing practices and processes do not allow them to take the actions needed to make a difference, but they do not feel supported to express their opinions or take risks. For some, "workarounds" become a standard part of how they work, exposing them to personal risk if things go wrong. Navigating such situations requires great courage and tenacity, but often leads to decreased motivation and commitment, and potentially burnout.

Some public servants also expressed that power and responsibility lies largely with ministers or with voters. But this downplays the significant power that public servants (especially in senior roles) have to make decisions that impact the public's wellbeing. It also ignores the stewardship role, which obliges the public service to focus on what is important in the medium-to-long term, not just in the current electoral cycle. In Foucault's distributed theory of power, power exists only when it is put into action, even if "integrated into a disparate field of possibilities brought to bear upon permanent structures" (Foucault, 1982, p. 788).[10] This means it is critical for public servants to identify the actions that are available – whether to them, other agencies, or within society – even if these actions may not be easy or have a large or immediate impact. Improvement generally requires action – exercising power through the actions that are available. The changes recommended in this report are intended to make this easier. Although public servants will still need both courage and support, we consider that the recommendations we make in this report will reduce the need for individuals to use risky workarounds – such as providing services to people who do not meet eligibility criteria.

Discrimination and the ongoing impact of colonisation compound disadvantage

Discrimination refers to the unjust or prejudicial treatment of individuals or groups based on certain characteristics, such as race, ethnicity, gender, sexual orientation, religion, age, disability, or other personal traits. Discrimination can take many forms, including but not limited to verbal or physical abuse; exclusion from social, economic, or political opportunities; differential treatment in hiring, promotions, or access to services; and other forms of bias or unfairness. Discrimination can occur at the individual or systemic level and is a violation of basic human rights and dignity.

Discrimination makes it harder for affected groups of people to access the same opportunities and results in inequitable outcomes

Women, people with disabilities, Māori, and Pacific peoples experience employment and wage "gaps". In 2022, the gender pay gap between men and women in Aotearoa New Zealand was 9.1%. The pay gap for people with disabilities was 11.5% in 2021, compared with people without disabilities (Statistics NZ, 2021). In 2021, the pay gap between Māori and Europeans was 19% and 11% for men and women respectively, and 24% and 14% for Pasifika men and women respectively (Cochrane & Pacheco, 2022). Analysis by the Human Rights Commission (2022) found that only

10 Michael Foucault's analysis of power emphasises the importance of understanding the complex ways in which power operates in society, and the role of power in shaping individuals and their interactions with others.

27% of the pay gap for Pasifika men, and 39% of the gap for Pasifika women could be explained by differences in observable factors such as job characteristics and education.

> *This research provides further evidence about what we've long suspected – the bulk of the Pacific Pay Gap can't be explained and is at least partly due to invisible barriers like racism, unconscious bias and workplace discriminatory practices. (Saunoamaali'i Karanina Sumeo, Equal Employment Opportunities Commissioner)*

Institutional or systemic racism is destructive

Institutional (or systemic) racism is "distinguished from the explicit attitudes or racial bias of individuals by the existence of systematic policies or laws and practices that provide differential access to goods, services and opportunities of society by race" (Morgan et al., 2018). Institutional racism is an outcome of organisational policies and practices, including those of government agencies, and can be unintentional or unconscious.

Although institutional racism can be unintentional, it has been described as the most insidious and destructive form of racism (Haemata Limited, 2022a; Rangihau et al., 1988). Institutional racism against Māori is well documented in Aotearoa New Zealand. For example, the Waitangi Tribunal[11] has highlighted systemic underfunding of Māori tertiary education and health providers (Waitangi Tribunal, 1999, 2019). Discrimination and institutional racism compound the impact of colonisation, which deliberately alienated Māori from their lands, culture and language (Rangihau et al., 1988; Thom & Grimes, 2022).

Pacific peoples have a different history, albeit with similar themes of being harmed and disadvantaged by both deliberate and unconscious racist policies and practices. Whole communities were terrorised by police during the dawn raids of "Operation Pot Black" in the 1970s (New Zealand Government, 2021a). Pacific people migrated to Aotearoa New Zealand during the preceding economic boom but were then used as scapegoats during a downturn (Spoonley & Hirsh, 1990). In 2021 the Government formally apologised to the people and communities impacted by the dawn raids (New Zealand Government, 2021a).

The cumulative and intergenerational effects of colonisation and racism present significant barriers to wellbeing for Māori and Pacific peoples today

These impacts are insidious when people experiencing racism accept the negative assumptions and lack of access to opportunities as the norm. For example, low expectations from teachers can create a "downward spiralling, self-fulfilling prophecy of Māori student achievement and failure" (Bishop et al., 2003, p. 2). Poor education outcomes for Māori students then lead to socioeconomic disadvantage, disillusion and anger (Waitangi Tribunal, 1999, p. 31). Māori and Pacific peoples may also be part of other groups that face discrimination and higher rates of disadvantage – women, people with disabilities, or gender or neuro-diverse – and therefore face additional barriers.

Culture and identity are central to both Māori and Pacific models of wellbeing (Haemata Limited, 2022a; McMeeking, Kahi, et al., 2019; Ministry for Pacific Peoples, 2022). Iwi that suffered a higher proportion of land loss at the hands of the Crown have lower contemporary rates of te reo Māori proficiency and cultural connection than iwi that retained more land at the end of the 19th century

11 The Waitangi Tribunal is a permanent commission of inquiry that makes recommendations on claims brought by Māori relating to Tiriti breaches by the Crown.

(Thom & Grimes, 2022). The systemic oppression experienced globally by indigenous peoples over generations manifests as historic and intergenerational trauma (ibid.; Aguiar & Halseth, 2015; Bishop et al., 2003, p. 2). Māori have experienced this trauma in distinct ways, from the ongoing impacts of the land alienation and cultural assimilation policies that were part of colonisation and the resulting loss of connection to place, culture and language, to institutional racism, discrimination, and negative stereotyping (Haemata Limited, 2022a; Pihama, 2017; Waitangi Tribunal, 1999).

The impacts of historical and intergenerational trauma can include high rates of addiction and mental health issues, violence, poverty, and a loss of trust in institutions. Recognising and addressing the ongoing impacts of historical and intergenerational trauma is essential to promoting healing, reconciliation, and the wellbeing of indigenous peoples (Aguiar & Halseth, 2015; Thom & Grimes, 2022). The particular experience of trauma for Māori can impact their self-worth, their identity, and their aspirations for the future, and it can become embedded across generations (Haemata Limited, 2022a). A person's sense of identity and belonging can influence their behaviour, such as their ability to take advantage of opportunities and their tolerance for risk.

> *Being connected with one's culture facilitates a sense of worth, tradition, confidence, and knowledge transmission which participants agreed lead to Māori feeling a greater sense of expectation on them to succeed and create something for themselves and for their mokopuna. (Haemata Limited, 2022c, p. 11)*

It is critical that historical and contemporary trauma is recognised, and that support is effective and not retraumatising (Pihama, 2017). If this does not happen, then Māori can become disengaged from public services and not seek the support they need. For example, one participant in a recent wānanga discussed how "this mindset has caused her whānau to remain both in unsafe housing and refusing financial assistance" (Haemata Limited, 2022c, p. 10).

The long-term adverse impacts of stress and trauma caused by discrimination against already vulnerable communities is concerning (for example see Priest et al., 2013; Shonkoff et al., 2021). Several submissions to this inquiry highlighted the struggles various minority groups experience in being seen, heard, and supported. This includes children, people of Asian descent, refugees, neurodiverse people, LGBTQ+ people, older people, people with mental health and addiction issues, people with limited English, and people with disabilities (sub. DR097, 100, 101, 108, 109, 122, 135, 142, 145 and 152). As expressed by Parents with Vision Impaired Children in their submission, the lack of access to timely, effective services, sensitive to the needs of vulnerable people is another factor that can exacerbate disadvantage.

> *So many of our families are tired of piecemeal half-assed approaches that "tinker at the edges" and don't address the challenges and barriers they and their disabled child face. (sub. DR97, p. 3)*

Discrimination and the ongoing impacts of colonisation and power imbalances were barriers that strongly resonated with submitters (NZPC, 2023a), as noted in the submission from Social Service Providers Aotearoa.

> *The acknowledgement of the ongoing impacts of colonisation, structural and institutional racism, power dynamics among other things in this report is important, because it gives us a start point from which to make progress. It is also important, given that these factors and breaches of te Tiriti o Waitangi underpin and drive many of the inequities experienced by some of our whānau Māori today, and the stratification of our society. Acknowledging these underlying drivers is part of what enables action to get to a better place as a nation and within our communities. (sub.DR129, p. 5)*

Our public management system is part of the problem

Our public management system encompasses public service agencies and their functions and mandates; the public sector's relationships and partnerships; policymaking and service-delivery processes and practices; and system-wide governance, accountability, and funding arrangements. This system largely determines who gets to be part of setting high-level public policy goals, what information or evidence is generated and drawn on, which approaches and programmes receive funding, what the eligibility criteria are, how people in the system are held to account, and what information is used to improve the system settings over time.

Governments and the public service have commissioned many reviews and studies over the past 50 years and implemented various reforms related to how the system operates to improve the lives of New Zealanders. Common and repeated findings of reviews include the need for greater coordination and cooperation across government sectors and between agencies providing services to the same people; that the system is failing to meet performance and cost expectations; and that the system is failing particular groups of people, including Māori, Pacific peoples and people with multiple complex needs (NZPC, 2022a).

Above, we have described power imbalances, discrimination, and the ongoing impacts of colonisation as broader societal barriers, which are also reflected in the public management system. In this section, we describe the barriers of siloed and fragmented government and short-termism as expressed in the design and operation of the system. These reflect well-known challenges that our public management system has been grappling with for decades, along with other western democracies (Boston et al., 2020; Carey & Crammond, 2015; Eppel & O'Leary, 2021). Underlying this challenge is a transition from governments focusing on the efficient delivery of public goods and services, to governments taking a more connected and integrated approach to citizens' needs and responding to complex, long-term societal challenges (Lodge & Gill, 2011; OECD, 2017; R. J. Scott et al., 2022).

Short-termism is reflected in structure and incentives of government

Short-termism is a human "presentist bias". Although people do care about the future, the attention of both voters and politicians is more easily captured by immediate issues at the expense of addressing long-term and future challenges. In contrast to the immediate, certain and visible nature of the present, the future is less certain, tangible and visible (Boston, 2021a).

Aotearoa New Zealand has protected longer-term interests in financial sustainability and monetary policy through the Public Finance Act 1989 and the Reserve Bank of New Zealand Act 2021. In addition, the Public Service Act 2020 requires agencies to produce Long-term Insights Briefings every three years. However, our Parliament lacks sufficient oversight and scrutiny arrangements to balance against the bias towards short-termism (Boston et al., 2019). Effective action on complex, long-term and intergenerational issues will be limited if the tendency to prioritise immediate and short-term issues is not sufficiently balanced.

Silos and fragmentation influence the design and operation of the public management system

Addressing "complex issues that span agency boundaries" and providing "wraparound services based on New Zealanders' needs" were aims of recent reforms establishing a new Public Service Act in 2020 and making updates to the Public Finance Act 1989 (New Zealand Legislation, 2019, pp. 1–2).

> *The [previous State Services Act] was designed to address problems that existed at the time it was passed, mostly problems of bureaucratic over-centralisation and of lack of responsiveness to ministers. Arrangements for working as a system were not a priority to its designers. To oversimplify, the assumption behind the [Act] was that if each department just did its own prescribed job then the sum total of activity would be a well-functioning system. Peter Hughes, Public Service Commissioner (P. Hughes, 2019)*

The Public Service Act 2020 and Public Finance Act 1989 are at the heart of the public management system, as they set out how the public service operates and how funding works. Recent changes to these instruments have started to adapt the system in recognition of the need to address complex challenges. However, there remains a strong vertical accountability to individual ministers and separate, specialised agencies and functions. As a result, silos and fragmentation can influence the way the public management system is designed, and how it operates.

These core elements reflect intentional design choices introduced by the New Public Management reforms of the late 1980s and early 1990s.[12] These reforms were focused on delivering public services more efficiently and they were inspired by the perceived inefficiency of government compared to the perceived efficiency of markets and firms incentivised to satisfy "customers" (Schick, 1996, p. 18). The public management system was structured into smaller single-purpose agencies, and policy and operational functions were also separated (Chapman & Duncan, 2007; Eppel & O'Leary, 2021). This decentralised structure was coupled with an emphasis on top-down and individual accountability, especially the accountability of chief executives to ministers.

> *By the end of the 1990s, the limitations of New Zealand's NPM-type reforms were widely recognized, particularly how the funding and accountabilities of organizational silos and fragmentation of services, created and reinforced by the reforms, hindered collaboration. (Eppel & O'Leary, 2021, p. 52)*

A top-down approach may be a good match when efficient delivery of separately delivered and standardised services is needed, but people experiencing persistent disadvantage need tailored and joined-up services , as well as supporting community infrastructure (see Chapter 5). Arrangements such as restrictive contracts and onerous performance measurement that drive standardisation have also been identified as critical barriers to sustainable long-term change (McMullin, 2023).

In particular, our assessment is that New Zealand's public funding and accountability settings are stifling the uptake of collective, preventative and long-term approaches to addressing persistent disadvantage, including support for Māori and locally led, whānau-centred initiatives (Controller and Auditor-General, 2023; Fry, 2022; 2015; NZPC, 2022a).

12 New Public Management is a public sector management philosophy that aims to improve the efficiency and effectiveness of public services by adopting private sector management practices.

The public management system is evolving to respond to complex societal challenges

New models of public management that emphasise the co-creation of services through networks and partnerships are emerging and beginning to be taken up (Brandsen et al., 2018; Dormer & Ward, 2018; Lodge & Gill, 2011; McMullin, 2023; Scott et al., 2022). This is an international trend that is evident in recent changes to the Public Service and Public Finance Acts, to enable new organisational forms for horizontal governance. It is also reflected in earlier initiatives, such as Whānau Ora, that prioritise the voice, needs and aspirations of people experiencing disadvantage in the design and provision of services. As discussed in the next chapter, this shift is also seen in the growing emphasis on the wellbeing of citizens.

System change often starts with emergent ideas growing within and co-existing (including in conflict) with the dominant system (noting it can also result from external pressures). In their analysis of the evolution of Aotearoa New Zealand's public management system, Scott et al (2022) found that the Public Service Act is simultaneously reasserting and protecting historic characteristics while pushing toward something new. This finding is consistent with our observation that recent changes are an evolution, but more is needed to enable a connected and integrated response to address persistent disadvantage.

> *… the Act prioritises horizontal coordination, but does so in a way that privileges hierarchical structures and takes a conservative understanding of leadership as top tiers, rather than a more complex (and post-NPM) view that recognises the value of leadership qualities at all levels. (Scott et al., 2022, p. 11)*

Although recent changes to the Public Service Act are aimed at encouraging cross-agency work and perspectives, they remain within a system optimised for the efficiency of "vertical" decision making and individual accountability (Scott & Merton, 2022, pp. 1–2). Hierarchies are more efficient for coordinating large groups of people to do relatively simple tasks, in which time is better spent carrying out the tasks than negotiating and maintaining group consensus (Perret et al., 2020). In contrast, "horizontal" consensus building and collective accountability can be viewed as inefficient (Scott & Merton, 2022, pp. 1–2).

Vertical organising can work well for relatively simple, one-size fits all or "technical" problems, but when situations become complex, responsibility shifts beyond the scope of individual organisations, and the importance of learning and sharing learning increases. Organisations designed to work individually lack the necessary access to information, tools, techniques, and culture to learn together. This makes them unable respond effectively to complex challenges, and to act collectively in the ways that people experiencing persistent disadvantage need them to.

Horizontal or collaborative organising requires more complex organisational forms and practices (Eppel & O'Leary, 2021, p. 15), including hybrid arrangements that draw on the strengths of top-down and bottom-up approaches (Carey & Crammond, 2015, p. 6). Connected, cross-agency working is also more resource intensive (Carey & Crammond, 2015). As discussed in both Chapters 5 and 6, organisations seeking to address complex challenges must develop different practices and cultures to distribute and coordinate – rather than concentrate – power, responsibility, resources and learning. The incompatibility between standard organisational approaches, and processes and practices needed to address disadvantage has been highlighted in the Auditor-General's reports into how well public organisations are supporting Whānau Ora and whānau-centred approaches.

> *...since Whānau Ora was introduced, concerns have been consistently raised about how well public organisations are understanding, supporting, and learning from it. There have also been concerns about whether public organisations have adapted their systems and processes to enable whānau-centred ways of working (for example, by changing their funding, contracting, and reporting requirements).*
>
> *…Overall, the compounding effect of the lack of clear expectations for public organisations and the barriers created by some public sector processes and practices means that Te Puni Kōkiri has made limited progress on its strategic focus area of expanding the use of whānau-centred approaches by public organisations. (Controller and Auditor-General, 2023, pp. 3–4)*

Because responsibility for complex challenges sits beyond the scope of any single organisation, responding effectively requires accessing shared information and resources, working with ambiguity and uncertainty, building shared goals, and innovating across networks of people and organisations. Individual decision making (including by ministers) might be efficient in the short term, but it is not appropriate or effective when responding to shared goals.

In Table 3 we contrast the historic and emerging emphasis of the public management system. The intent of the "shifts" we set out in Chapters 4, 5 and 6 of this report is to reinforce the emerging emphasis on delivering public value rather than public goods, and to enable the public management system to better respond to complexity.

Table 3 Contrasts between the historic and evolving emphasis of the system to enable it to deliver public value and to respond to complex contemporary challenges

Government objectives	Historic emphasis of the system	Emerging emphasis of the system	Shifts required to reinforce emerging emphasis
Focus of the public management system	Government seeks to replicate market-driven incentives in the provision of public goods and services, namely: • separate policy and service delivery functions; • individual choice and competition driving efficiency; • competitive contracting for service providers; • transactional and contract-bound relationships; and • ministers as "the customer".	Government strives to deliver "intergenerational" public value, through: • Public Service Act 2020 affirming "the spirit of service to the community" as fundamental to the public service; • relational approach to commissioning; • long-term direction-setting targets; • emphasis on wellbeing and equity approaches; and • service design and improvement informed by citizen voice (eg, people- and whānau-centred services).	• High-level settings and assumptions, long-term direction setting (Chapter 4). • Wellbeing values to include non-material and indigenous values (Chapter 4). • Explicit investment in the shifts required to evolve New Zealand's public management system (Chapters 4, 5, and 6). • Interests and voice of future generations (Chapters 4 and 5).
Governance and coordination	Governance and coordination through vertical hierarchies emphasising responsiveness to ministers and chief executives.	Governance and coordination through vertical and horizontal networks and partnerships, leading to: • better integration between the centre and local communities; • clearer roles and responsibilities; • formal recognition of role of public service in supporting Māori–Crown relationships; • formalisation of new organisational forms; • Place-Based Initiatives; and • greater flexibility in funding flows.	• Supporting more locally led approaches to addressing disadvantage (Chapter 5). • Addressing the neglect of te Tiriti o Waitangi to drive equitable outcomes for Māori (Chapter 5). • Accountability to people and communities (Chapter 5).
Accountability and performance	Performance standards drive individual accountability, through: • prevention of abuse of power and financial mismanagement; • individual responsibility for measurable outputs; and • provision of services, establishing eligibility, and meeting service targets.	Citizen- and community-centred focus and "locally led, centrally enabled", leading to: • outcome targets driving shared accountability; • greater emphasis on results spanning agency boundaries; and • learning and improvement being seen as part of accountability.	• Public accountability settings to activate wellbeing approach (Chapter 5). • Public management system that learns and improves (Chapter 6). • Learning system that enable voices of citizens in decision making (Chapter 6). • Two-way learning and accountability system connecting governance and collective decision making (Chapter 6).

Source: Table adapted from Scott et al. (2022), and draws on analysis by Lodge & Gill (2011).

Chapter 3

Our vision – a fair chance for all

The success of any system, policy or programme is measured by whether it increases the freedom that people have to live a life that they value" (Wilson & Fry, 2023). This chapter sets out a vision for a public management system that empowers people to lead better lives. The genesis for change is to build a response to persistent disadvantage around a broader, more inclusive and intergenerationally focused understanding of wellbeing. This response must embrace te Tiriti o Waitangi (te Tiriti), distributive fairness, equity and cultural responsiveness to persistent disadvantage, and it must reflect the socio-historical context and distinctiveness of Aotearoa New Zealand.

System reforms can be difficult, taking time and commitment. As discussed in the previous chapter, our public management system underwent a major redesign a generation ago, and recent changes are increasing responsiveness to the complex realities facing our society, today and in the future. The recommendations in the following chapters seek to reinforce this redirection in a way that enables a more effective response to persistent disadvantage. As highlighted in Box 3, at stake is the fairness and cohesion of Aotearoa New Zealand society, resolution of disparities across multiple social policy domains, and the capability of people and communities to live better lives.

In the next section, we discuss a comprehensive recent example of embedding principles to give effect to te Tiriti within a sector, setting a new bar that should be applied in other sectors and to the public management system itself. One way to embed te Tiriti is through tikanga frameworks such as He Ara Waiora.

He Ara Waiora is a mātauranga Māori approach for achieving intergenerational wellbeing and social inclusion in Aotearoa New Zealand. It is a uniquely New Zealand approach to lifting living standards that can guide government policy and that is in keeping with a mandate to honour te Tiriti (McMeeking et al., 2019).

Following that, we note the work of successive Aotearoa New Zealand Governments to incorporate longer-term outcomes into policy through "wellbeing approaches", and then set out principles for the public management system to support all New Zealanders to live better lives.

Box 3 Why addressing persistent disadvantage matters for the wellbeing of people, communities and society

We want all our fellow New Zealanders to live good lives. Aotearoa New Zealand has a long history of valuing fairness and giving everybody a "fair go". It was the first country in the world to introduce universal suffrage, it became one of the first welfare states, and New Zealanders have a tradition of protest against anti-egalitarian regimes (Sibley & Wilson, 2007). A fair chance for all means all New Zealanders – present and future – feel proud of their cultural identities, are supported to achieve their aspirations, and can live better lives.

In the absence of effective support, disadvantage can persist and compound, creating multiple, complex and overlapping barriers. Disadvantage constrains choices and opportunities, with lifetime and intergenerational consequences. The symptoms of persistent disadvantage can be seen in the disproportionately negative health, mental health, and justice sector outcomes for groups vulnerable to disadvantage.

From an individual perspective, getting a fair go means having the freedom to live the life one values and has reason to value. This idea is known as the "capability approach" and comes from Nobel Prize-winning economist Amartya Sen. It has become a foundational idea guiding human development internationally (Nussbaum, 2011). The capability approach emphasises the importance of expanding people's freedom and capabilities to choose and pursue their own goals (Sen, 1992). Effective support can mean the difference between overcoming temporary disadvantage or becoming trapped by multiple persistent disadvantages.

Under the capability approach, the goal of policy is to support people to live better lives – lives they value and have reason to value – by empowering individuals and communities to have control over their own lives (Robeyns, 2017). Simply increasing basic resources is not enough. Rather, the difference is between investing early in effective health, education, income and social support that empowers people to lead productive lives, or resources becoming tied up in ongoing but disjointed efforts to treat symptoms of disadvantage. For people to increase their "capability" to enhance their own wellbeing, they may need support to overcome disadvantage and foster social inclusion (Wilson & Fry, 2019).

From a societal perspective, addressing persistent disadvantage improves social cohesion. Higher levels of social cohesion mean more trust, which is critical for building the strong institutions needed for a productive economy and thriving society:

> *Social cohesion is the willingness of diverse individuals and groups to trust and co-operate with each other in the interests of all, supported by shared intercultural norms and values. …Higher trust reduces the cost of monitoring and enforcing agreements, which may encourage people to coordinate on projects that they would not otherwise have undertaken. (The Treasury, 2022, p. 82)*

Trust and social cohesion were an essential part of the Covid-19 response in Aotearoa New Zealand, and they will also be central to our ability to respond to future challenges.

Although an international concept, the capability approach can help ground indigenous rights to autonomous governance and self-determination. Likewise, indigenous ideas of connectedness between humans and nature can extend and complement the capability approach – for example, in its application to sustainable development and environmental justice (Robeyns, 2017).

Strengthening te Tiriti o Waitangi as a "macro setting" for the public management system

As a foundational part of Aotearoa New Zealand's constitutional arrangements, te Tiriti should be a central part of our public management system settings and macro-level policy frameworks, yet, as discussed in this section, it is not. This section looks at recent health sector reforms as a model for how te Tiriti can be operationalised and provides an example of a macro-level policy framework for operationalising te Tiriti.

The rightful place of te Tiriti to shape public policy, government investment and how the public service operates at a macro level is still emergent, as evidenced by the Public Service Act 2020 being the first piece of legislation to formalise the role of the public service in supporting the Crown in its relationships with Māori under te Tiriti (White et al., 2022). Although the Public Service Act recognises the role of the public service in supporting the Crown's relationships with Māori (embedding the obligation to increase workforce capability in te reo Māori and cultural aspects of te ao Māori), it fails to provide clear direction for how the public service should give effect to te Tiriti.

Since the Public Service Act 2020 was introduced, the new Pae Ora (Healthy Futures) Act 2022 (Pae Ora Act) has established a comprehensive model for embedding Tiriti obligations, translating these into equity outcomes. In *Hauora: Report on Stage One of the Health Services and Outcomes Kaupapa Inquiry*, the Waitangi Tribunal (2019) found that the previous legislative, strategy and policy framework failed to consistently state a commitment to achieving equity of health outcomes for Māori.

> *We found that provisions in the [previous Public Health and Disability] Act that are intended to provide for greater Māori participation in the work of district health boards do not work effectively to afford Māori Treaty-consistent control of decision-making in relation to health design and delivery. We found that the attempt at an articulation of Treaty principles in the health system is out of date. Finally, we found that the omission of specific Treaty references in lower-level documents amounted to a concerning omission of the health sector's Treaty obligations. (Waitangi Tribunal, 2019, p. xv)*

The Pae Ora Act builds on updated Tiriti principles established by the Waitangi Tribunal (Waitangi Tribunal, 2019, pp. 163–164).[13] It provides clear guidance on how ministers and the health sector can give effect to these principles, and it requires them to be guided by these principles.[14] Although sectoral models such as this are emerging, the Government has not been consistent in ensuring that the public service upholds te Tiriti.

13 *Learning from the Waitangi Tribunal Māori Health Report*, 2019.
14 Pae Ora (Healthy Futures) Act 2022, s 7(2).

Box 4 **Embedding te Tiriti o Waitangi within the health sector**

The health sector provides a particularly comprehensive example of weaving te Tiriti o Waitangi (te Tiriti) principles and obligations through all levels of the system.

The Pae Ora (Healthy Futures) Act 2022 (the Pae Ora Act) embeds te Tiriti across the health sector by translating treaty obligations into health equity outcomes and setting out the means to achieve these outcomes.

Legislative reform of the health sector drew on the Waitangi Tribunal's (2019) report into the health system, which is part of the Tribunal's wider Kaupapa Inquiry work programme. The Tribunal's findings were picked up by the Health and Disability System Review (2020), which published its final report in 2020.

The Pae Ora Act embeds the principles of tino rangatiratanga and partnership into the health system through distinct opportunities for Māori to exercise autonomy and self-determination. The Pae Ora Act established Te Aka Whai Ora, the Māori Health Authority; the Hauora Māori Advisory Committee, to directly advise the Minister of Health; and Iwi Māori Partnership Boards, to build whānau voice into the health system.

The principles of equity, active protection and options are embedded through the Pae Ora Act's purpose and principles, and in the objectives and functions of the institutions it establishes, including Health New Zealand. These are then translated into micro-level standards that emphasise the need for culturally safe and responsive mainstream services and distinct kaupapa Māori and whānau-centred services. In addition, the Pae Ora Act centres equity inclusively by seeking health equity outcomes for Māori and for other population groups.

In the context of addressing persistent disadvantage, the Pae Ora Act establishes an organisational structure, process and practices that can be more responsive to the needs of Māori and enable Māori to have a much stronger voice in the design and delivery of healthcare, including funding flows.

There can be considerable variation between sectors even where legislation is enacted in a similar era. Both the Public Service Act 2020 and the Pae Ora Act 2022 were introduced by the current Government (2017–present), which has also initiated reviews of the welfare, education and justice sectors. Like the Public Service Act, the Education and Training Act 2020 fails to provide clear guidance for the sector and obligations on ministers, and instead states that the Ministers of Education and Māori Crown Relations "may, for the purposes of providing equitable outcomes for all students, and after consulting with Māori, jointly issue and publish a statement" that specifies what sector agencies must do to give effect to public service objectives that relate to te Tiriti.[15] Substantial reform of justice and welfare legislation is yet to emerge.

15 Education and Training Act 2020, s 6.

The Public Service Act 2020 explicitly recognises the role of the public service to support the Crown in its relationships with Māori under te Tiriti.[16] But public servants need this to be translated into a clear and explicit mandate closer to their work, and they need leaders who seek analysis and advice that strengthens the Crown's relationships with Māori under te Tiriti.

> *…we send our people into Tiriti workshops, they do two days immersion and they come out eyes wide open and they want to do something different, and then the system doesn't let them… I don't know how many times I've put really powerful Tiriti stuff into papers, only to have them removed or watered down further up the chain. And when it comes to my accountability as a public servant, how does that affect my integrity? (Public servant, Fair chance for all inquiry public sector workshop, November 2022)*

The meaning and effect of te Tiriti continues to evolve, aided by the Waitangi Tribunal's Kaupapa Inquiry work programme and several recent landmark cases in the courts. What we would expect to see if the system were supporting Crown-Māori relationships and upholding te Tiriti is:

- te ao Māori values (as reflected in tikanga frameworks) having equal value, weight and status to "western" values (see Chapter 4);
  - flowing from that, decisions being guided by those values, with the use of mātauranga Māori and tikanga frameworks having greater prominence in policy advice and investment decision making (see Chapter 4);
- adopting te ao Māori examples of valuing the future at a national level (for example, through the work of the Commission for the Wellbeing of Future Generations, which is recommended in Chapter 4);
- tino rangatiratanga being reflected in commissioning models and equitable levels of investment (see Chapter 5);
- an accountability system that has been redesigned to reflect te ao Māori views of accountability as well as "western" ones – meaning it would be relational, long term and would re-situate power with people being served, rather than those at the top of the chain (see Chapter 5). As a result, more Māori would be included in decision making at all levels, on funding, policy and service provision;
- mātauranga Māori and Māori ways of knowing and being to be core design features of the learning system (see Chapter 6).

He Ara Waiora, te Tiriti and supporting intergenerational wellbeing

Submitters on the terms of reference and interim report for this inquiry expressed widespread support for using the He Ara Waiora wellbeing framework to operationalise te Tiriti in a way that activates and supports intergenerational wellbeing.

He Ara Waiora (a "pathway to wellbeing") positions wellbeing within te ao Māori, grounding wellbeing within Aotearoa New Zealand's unique context. It foregrounds holistic, intergenerational and "non-material" aspects of wellbeing, recognising the interconnection of people – both as individuals and as part of "collectives" (families, whānau and communities) – and their environments.

16 Public Service Act 2020, s 14(1).

In our interim report, we recommended that He Ara Waiora should drive how the public management system acts to achieve mauri ora for all New Zealanders. We indicated that He Ara Waiora should be further developed and embedded as an overarching framework for public policy in Aotearoa New Zealand – in particular, to guide policy analysis and investment to address persistent disadvantage. McMeeking et al. (2019) assert that adopting a tikanga framework, such as He Ara Waiora, has the potential to significantly advance the extent to which the Crown gives effect to te Tiriti, as it has the potential to change the values and processes used in the public management system.

Further discussion and recommendations on extending the application of He Ara Waiora are set out in the discussion of broadening wellbeing values in the following chapter.

A pathway to intergenerational wellbeing

Wellbeing is an international concept that has arisen out of concerns that "sustainable development" and other public policy frameworks have lacked the ability to provide sufficient information on the full range of contributors to, or components of, a "good life" (Weijers & Morrison, 2018). Wellbeing approaches broaden systems values and assumptions beyond traditional economic measures, such as Gross Domestic Product (GDP), which do not capture the full picture of society's prosperity or what citizens value for their quality of life.

Wellbeing approaches are being adopted by an increasing number of cities and nations around the world, including Aotearoa New Zealand.

> *Wellbeing, sustainability and inclusion have become some of the most frequently quoted 'values' in public sector (and increasingly business) reports and strategies – the intention being that they drive the advice, decision-making and actions of our public sector officials. A core challenge, however, is that the current system of government (the structures, culture and analytical tools) was set up at a different time to deliver to a different set of values – notably efficiency and managing risk. While these values remain important, they are no longer seen as sufficient to address the complexity of the issues we face.*
> *(Donna Purdue, Chief economist, MBIE, correspondence)*

An inclusive understanding of wellbeing defines progress in terms of equity, quality of life, and sustainable societies and environments. By looking to these broader measures of success, governments can create policies that support the long-term sustainability and flourishing of their societies. For example, investing in high-quality education and healthcare, along with social protection and inclusion, sets the foundation for stronger and more sustainable economic growth (Llena-Norzal et al., 2019). There is growing evidence that wellbeing and economic outcomes reinforce each other, in a "virtuous circle" (ibid., p. 8).

Common features of wellbeing approaches

The Australian Centre for Policy Development describes the common features of wellbeing approaches as being:

> ***Holistic:*** *Overall wellbeing has many contributing factors, and wellbeing approaches employ systems thinking, aiming to break down thematic or administrative silos and work towards intersectional opportunities to increase wellbeing.*
>
> ***Long-term:*** *Wellbeing is not just about short-term happiness. Policies, initiatives and approaches to raise wellbeing typically take a long time to implement and to work. Wellbeing approaches look beyond election cycles to the kinds of outcomes that can only be achieved with sustained, long-term commitment.*
>
> ***Future focused:*** *Wellbeing approaches are concerned not just with current generations, but also with future generations. They often involve a significant component of planning for the future and have an emphasis on sustainability and environmental protection.*
> *(Gaukroger et al. 2022, p. 6)*

Finding 3

The high-level elements of a wellbeing policy approach include:

- setting long-term goals and measuring what matters for improving the lives of citizens;
- evidence-based decision making;
- embedding new approaches across institutions (such as the use of wellbeing frameworks, prioritising prevention and early intervention, and taking an integrating or collaborative approach); and
- building accountability for progress.

Aotearoa New Zealand's application of wellbeing approaches

Successive Aotearoa New Zealand Governments have applied wellbeing approaches. The 1999–2008 Government introduced "whole-of-government" wellbeing goals and outcome indicators as part of its Reducing Inequalities policy, focused on disadvantage and equitable outcomes (Minister of Social Development and Employment, 2004). The following Government (2008–2017) developed a "social investment approach", focused on improving outcomes for people living in poverty, by activating better use of data and information, and identifying where early investment could make the most difference in people's lives (T. Hughes, 2022a). It also established "stretch-targets" to focus improvements on complex problems spanning multiple domains and agencies, aimed at making a difference in the lives of New Zealanders (Scott & Boyd, 2022).[17]

The current Government (2017–present) embedded wellbeing into the Public Finance Act 1989 and introduced its first Wellbeing Budget in 2019.

The current wellbeing approach still leans heavily on measurement (that is, a dashboard and indicators to measure wellbeing) and lacks vertical integration into the public management system, such as through a wellbeing strategy or investment levers linked to indicators (Gaukroger et al. 2022).

Aotearoa New Zealand's wellbeing initiatives have been at the forefront of approaches internationally (Gaukroger et al., 2022; Llena-Norzal et al., 2019). But other countries are now going beyond measurement and further operationalising their wellbeing approaches, including through embedding a stronger focus on the wellbeing of future generations (see, for example, the Welsh Well-being of Future Generations Act 2015, and the French Green Budget (see Box 9), both discussed in Chapter 4, and seen in recent international case studies discussed in Siebert et al., (2022).

Hughes (2022a) suggests that combining the approaches of the current and previous Governments would be a promising way forward.

We support this idea of integrating wellbeing approaches. Multi-partisan political support is essential to the pace and sustainability of systems change needed to achieve the vision of this inquiry – for an equitable and inclusive society, in which all New Zealanders can live fulfilling lives.

17 Also see the previous (2008–2017) and current (2017–present) Governments' economic plans. The previous Government's economic plan is available here: https://www.mbie.govt.nz/assets/economic-plan.pdf, and the current Government's economic plan is here: https://www.beehive.govt.nz/sites/default/files/2019-09/Economic%20Plan.pdf.

Finding 4

Combining the approaches of the current and previous Governments would be a promising way forward to improve our wellbeing approach. Drawing on both detailed distributional evidence and a broad spectrum of indicators, this approach would:

- carefully consider both material and non-material impacts of policy choices;
- emphasise both life course and intergenerational patterns of advantage and disadvantage;
- take a comprehensive approach to data analysis; and
- encourage robust analysis of strategic priorities and assessment of initiatives.

Vision and principles for a fair chance for all

The vision

People experiencing persistent disadvantage will be empowered to influence the decisions that affect their lives, whether those decisions are made in the public management system or in local support networks.

As individuals, as family, as whānau and as communities, their needs will be addressed in ways that are effective in enabling all to achieve the lives they value, respecting and enhancing their mana and wellbeing. Experiences of persistent disadvantage will recede, as people move to a position where they feel included in communities, and one which is above an agreed income and social floor.

They will be able to find support in their own communities from people they trust and are able to hold accountable. When mistakes occur or their needs change, they will see support systems – whether national or local – adapt in a timely way to meet their needs.

More effective support and long-term decisions and actions addressing the underlying causes of persistent disadvantage in Aotearoa New Zealand will result in disadvantage steadily reducing over time. The benefits of fewer people experiencing persistent disadvantage will be felt across Aotearoa New Zealand, as the individual and collective potential of all are nurtured and increasingly realised.

Principles critical to achieving wellbeing for all

Our work for this inquiry has highlighted six principles as critical to achieving wellbeing for all in Aotearoa New Zealand (Table 4). These principles underpin the recommendations set out in the following chapters (and listed together in Chapter 7).

The principles provide a framework for shifting our public management system from one that struggles to take risks and innovate to address complex challenges, to one that empowers people to lead better lives.

Underpinning the principles are the five values set out in Chapter 1: tikanga (protocol), kotahitanga (unity), manaakitanga (care and respect), tiakitanga (guardianship or stewardship) and whanaungatanga (positive relationships).

Table 4 Principles to underpin a wellbeing approach in Aotearoa New Zealand

Principle	Description
Strengthen the influence of te Tiriti throughout the system	**Shift from:** Inconsistent application of te Tiriti in legislative reforms, and inequitable outcomes for Māori. **Shift to:** A clear or high-level commitment to upholding te Tiriti and respecting rangatiratanga and the widespread integration of te Tiriti principles and mātauranga Māori, enhancing and empowering Māori voice within a responsive and equitable system, and increasing the mana and mauri ora of Māori. ***Vision:*** *Te Tiriti is well integrated in legislative reform programmes and mātauranga Māori is widely used in policy and service design.*
Provide long-term, strategic direction to address persistent disadvantage	**Shift from:** A system of agencies lacking clear guidance and working individually on symptoms of disadvantage. **Shift to:** A comprehensive, long-term strategy to address persistent disadvantage and protect people from becoming disadvantaged. ***Vision:*** *Whole-of-system direction and commitment that recognises the complexity of interconnected and cumulative impacts.*
Prioritise the wellbeing of citizens with an explicit focus on equity of outcomes and distributional fairness	**Shift from:** A system primarily designed to address simple and technical challenges through vertical and individual decision making and accountability, and through short-term efficiency. **Shift to:** A system that is responsive to the needs of disadvantaged groups and future generations, and itself accountable for addressing long-term complex challenges. ***Vision:*** *Government and communities working to shared goals backed by a transparent and legislated measurement and accountability framework, integrated with the Budget process, and supported by a system that learns and improves, to address and prevent persistent disadvantage, including for future generations.*
Broaden the values of the system	**Shift from:** The dominance of values such as efficiency and individualism. **Shift to:** A system that includes more holistic and collective values reflecting Aotearoa New Zealand's unique historical and cultural context. ***Vision:*** *Services and policy settings that: reflect both individualism and collectivist thinking, alongside holistic perspectives; address the need for efficiency; are culturally safe, inclusive and responsive; and can respond to complexity. Indigenous values, frameworks and tools are actively used in the policymaking process, and they are valued equally to other tools and approaches.*
Integrate learning and innovation	**Shift from:** A risk-averse system that gets in the way of people trying to lead better lives. **Shift to:** A system that learns, takes risks, innovates and improves how it operates, redirecting resources from what is not working to what is, and helping people to lead better lives. ***Vision:*** *Ongoing learning and improvement are mandated, well supported and expected, successful innovations are mainstreamed, policies and practices that do not work, or are causing harm, are stopped.*
Prioritise and empower the voices of people experiencing disadvantage	**Shift from:** People experiencing disadvantage feeling invisible and unsupported due to discrimination and systemic power imbalances. **Shift to:** People being empowered to lead better lives, and groups at risk of disadvantage – including children and young people – being involved in the development and assessment of policies and services that impact them. ***Vision:*** *A listening, mana-enhancing system. Whānau-centred and mana-enhancing approaches prioritise and empower the voice, needs and aspirations of people experiencing disadvantage.*

Finding 5

Our work for this inquiry has highlighted the following principles for the public management system as critical to achieving wellbeing for all in Aotearoa New Zealand.

- Strengthen the influence of te Tiriti throughout the system.
- Provide long-term, strategic direction to address persistent disadvantage.
- Prioritise the wellbeing of all with an explicit focus on equity of outcomes and distributional fairness.
- Broaden the values of the system.
- Integrate learning and innovation.
- Prioritise and empower the voices of people experiencing disadvantage.

Chapter 4

Re-think the macro settings and assumptions of the public management system

This chapter looks at how the macro-level settings (macro settings) of the public management system have evolved over time. It then examines the ideas and assumptions that underpin the system, before setting out how we can redesign our macro settings to address persistent disadvantage and foster intergenerational wellbeing.

What are macro settings?

Macro settings are the high-level policies and the economic, financial, and institutional architecture that shape public policy, government investment, and how the public service operates. Macro settings are not always explicit or visible, but they signal intent, provide direction, and influence the flow of money and resources, as well as the ability to implement public policy.

The Public Finance Act 1989 and the Public Service Act 2020 outline high-level settings for how the public management system is funded, and how public servants are expected to work. These settings create the boundaries within which the public management system implements the policies of the Government of the day. They include incentives to align the system towards focusing on wellbeing while implementing government policies. Additionally, the Government's fiscal management approach (agency baselines, operational allowances, and capital allowances) dictates how money is allocated, as well as providing another lever to focus the system on wellbeing.

The macro settings within the Public Finance Act and Public Service Act shape how the public management system operates, including the incentives (and disincentives) that guide the people within the system, and how the public sector interacts with the communities they serve.

Macro settings increasingly emphasise wellbeing, but more actions are needed

Macro settings in the public management system have been changing to reflect a growing emphasis on wellbeing. Various Amendment Acts have modified the Public Finance Act 1989.[18] The amendments have introduced wellbeing objectives to guide financial management, and the requirement for governments to report against those objectives.

The amendments built on existing principles and reporting requirements for responsible fiscal management that underlie the transparency and accountability of Aotearoa New Zealand's public financial management. These include principles related to debt levels, net worth, and the prudent management of fiscal risks.[19] When formulating its fiscal strategy, the Government must have "regard to its likely impact on present and future generations".[20]

Budget policy statements that precede the Budget must state the wellbeing objectives that will guide the Government's Budget decisions.[21] These wellbeing objectives "must relate to social, economic, environmental, and cultural wellbeing and to any other matters the Government considers support long-term wellbeing in New Zealand".[22] The fiscal strategy report that accompanies the Budget must then "explain how wellbeing objectives have guided the Government's Budget decisions".[23]

Governments must also produce a Wellbeing Report every four years. The Wellbeing Report is a new document requiring the government to describe the state of wellbeing in New Zealand, how it has changed over time, and the sustainability of wellbeing, including any risks, based on key indicators. The first report was released by Treasury in late 2022.

Aotearoa New Zealand was an early adopter of wellbeing measurement frameworks and the introduction of a Wellbeing Budget, and we commend this growing emphasis on wellbeing. But these interventions are not sufficient in themselves; more is needed to create conditions that empower everyone to live better lives.

Macro settings are shaped by underlying societal, political and economic ideas and assumptions

Like all "human systems", Aotearoa New Zealand's public management system is shaped by its underlying ideas and assumptions – a set of mental models or mindsets (Frameworks Institute, 2020),[24] paradigms or norms that govern how to behave, what to prioritise, what and whose interests to protect, and what outcomes are sought. These assumptions flow into and underpin the system settings and policy approaches that filter, drive and direct public policy decisions and investment.

18 The Public Finance Act 1989 has undergone numerous amendments, including through the Public Finance Amendment Act 2004, the Public Finance (Fiscal Responsibility) Amendment Act 2013 and the Public Finance (Wellbeing) Amendment Act 2020.
19 Public Finance Act 1989, s 26G.
20 Public Finance Act 1989, s 26G(1)(g).
21 Public Finance Act 1989, s 26M(2)(aa).
22 Public Finance Act 1989, s 26M(4).
23 Public Finance Act 1989, s 26KB(a).
24 Mindsets – fundamental, assumed patterns of thinking that shape how we make sense of the world and act in it – are highly durable, with deep historical and cultural roots. They emerge from and are tied to social practices and institutions that are woven into the very fabric of society. As such, they tend to change slowly.

Assumptions may be explicit or implicit. Although they are not necessarily held by everyone, they are nonetheless embedded in ways of working that can enable or constrain progress. Assumptions in a human system are never neutral; they reflect the dominant values, mindsets and worldviews held by people in that system. Although people are often unaware of the assumptions they hold, these assumptions influence outcomes and can result in increasing inequity.

An example of an assumption is found in the tendency for policy agencies to consider disadvantage within individual policy or public service domains. The implicit assumption is that related challenges that are the responsibility of other parts of the system are being effectively addressed by other agencies. For example, the stress levels of many people experiencing disadvantage are heightened, which can impact their mental health. Policy advice directed at alleviating this may focus on the provision of mental health services, rather than addressing the underlying causes of distress. But if the underlying causes, such as housing instability or family violence, are not also addressed, the effectiveness of mental health services will be reduced (Ministry of Health, 2021).

Assessing and assigning the "returns" on such interventions remains difficult if the assumption that they can be independently addressed is not valid. Where people have complex, interrelated needs, resource-allocation decisions (including Budget bids) require more integrated assessments, rather than compartmentalised or siloed approaches. But integrated assessments require a supporting environment that is also integrated. If the system prioritises compartmentalisation in its design and functions, we first need to uncover the underlying ideas and implicit assumptions that hold this approach in place.

Finding 6

Similar to all "human systems", Aotearoa New Zealand's public management system is shaped by underlying ideas and assumptions. Assumptions in a human system are never neutral; they reflect the dominant values, mindsets and worldviews held by people in that system. These assumptions flow into and underpin the system settings and policy approaches that filter, drive and direct public policy decisions and investment.

Assumptions may be explicit or implicit. Although they are not necessarily held by everyone, they are nonetheless embedded in ways of working that can enable or constrain progress. The tendency for policy agencies to consider disadvantage within individual policy or public service domains is an example.

There are challenges with the way the current policy and public management system operates

In Aotearoa New Zealand, persistent disadvantage continues despite repeated reviews that describe consistent themes and call for changes in policymaking and service design. Although the advances in wellbeing approaches set out earlier in this report are a good start, implicit and explicit assumptions within the public management system create challenges for implementing a comprehensive wellbeing approach.

We gave some examples of these challenges in our interim report (NZPC, 2022a, p. 82) and consider them further here.

These challenges have been discussed in a variety of studies that have examined Aotearoa New Zealand's policymaking approach and system settings.[25]

There is often a narrow focus on economic growth and material prosperity

This narrow focus sometimes stems from a view that even non-material aspects of wellbeing, such as health and life satisfaction, flow from increased individual and national prosperity, often measured using Gross Domestic Product (GDP). Yet, although economic growth in Aotearoa New Zealand in the last two decades or so has increased real household disposable incomes by more than 50%, it has not increased life satisfaction – "in fact, subjective wellbeing appears to have fallen slightly over the same period" (Hughes, 2022b, p. 96).

In addition, Māori and Pacific communities, among others, have consistently emphasised the value of wider dimensions of wellbeing, including culture, belonging, connection to place, and the environment.

The public management system has already started to respond by moving away from a narrow focus on economic growth. The Treasury has developed the Living Standards Framework, which includes multiple dimensions of wellbeing, and He Ara Waiora is a wellbeing framework that provides a Māori perspective on wellbeing.

It is consistent with concepts of wellbeing expressed in the Living Standards Framework and He Ara Waiora and in the landmark report on the Measurement of Economic Performance and Social Progress (Stiglitz et al., 2009) that a range of social and environmental objectives that affect wellbeing require as much attention as the objectives of economic growth and material prosperity.

The system struggles to recognise or account for the full range of impacts on wellbeing when making decisions

The still largely siloed nature of the current public management system means that decisions in one part of government may undermine efforts in another part to improve wellbeing. The current system settings need to change to enable the system to focus on complementarities, by encouraging policymakers to uncover and respond to the complex linkages between the decisions being made by different government agencies motivated by different wellbeing objectives. For example, investing in housing can improve health, education and employment outcomes.

The current system is overly focused on short-term outcomes and struggles to consider the future

The public management system is biased towards the short term. This is reflected in the Budget process, which focuses on the next four years of funding, and in agency statements of intent and reporting cycles, which are often shorter. This leads the system to highlight and therefore focus on short-term concerns and priorities.

25 See Babian et al., 2021; Boston et al., 2019; Haemata Limited, 2022b, 2022c; Karacaoglu, 2021; Lowe & Wilson, 2017; Mazey & Richardson, 2021; Parliamentary Commissioner for the Environment, 2021; Pawson & The Biological Economies Team, 2018; and The Southern Initiative & Auckland Co-design Lab, 2022.

Investment decisions give disproportionately greater weight to short-term benefits and costs, relative to the needs of future generations. System settings need to change so that policymakers give greater weight in planning and investment decisions to long-term challenges and the needs and rights of future generations.

The system struggles to respond to people experiencing multiple challenges at the same time

People experiencing persistent disadvantage often face multiple challenges at the same time. Yet the system attempts to achieve wellbeing outcomes for them through the accumulated efforts of individual agencies – each focusing on doing their job well but working in isolation. As noted by the OECD, "public policy makers have traditionally dealt with social problems through discrete interventions layered on top of one another. However, such interventions may shift consequences from one part of the system to another or continually address symptoms while ignoring causes" (OECD, 2017, p. 12). Shifting system settings to support a connected, multi-sector approach would enable the public sector to make more effective progress towards improving the wellbeing of people experiencing persistent disadvantage.

The system does not pay enough attention to the distribution of wellbeing across individuals, families, whānau and communities

Another challenge is the need to give more emphasis to the distributional impacts of policies and programmes, so individuals, families, whānau and communities most in need get the attention and resources they require. Shifting system settings to give greater consideration to distributional impacts (which may result from a range of factors, including power imbalances and access to genuine opportunities and resources) would help to improve wellbeing for a greater number of individuals, families, whānau and communities – particularly for those experiencing persistent disadvantage.

Although there is much agreement about these challenges among those who work in the public management system, there is less clarity about what needs to change to address them. The next section explores how the settings in the public management system could be redesigned to address the challenges highlighted here.

How might macro settings be redesigned?

The actions we propose to shift assumptions and redesign systems settings are outlined in the following sections and reflected in our recommendations. Note that the relationship between assumptions and actions is not linear or "one to one". Rather, all these actions enable broader perspectives, understanding and values within the public management system. The following sections discuss and detail the actions listed below.

- Broaden the values within the system to include all dimensions of wellbeing in He Ara Waiora.
- Set long-term wellbeing objectives, noting that cross-party agreement will be essential for sustaining long-term commitment.
- Represent and protect the interests of future generations to mitigate the transmission of disadvantage across generations.
- Establish a social floor that includes the dimensions of wellbeing.

Broaden the values within the system to include the many dimensions of wellbeing and indigenous worldviews

The system (implicitly) prioritises "western" ways of doing things over indigenous and/or more diverse views of wellbeing. This has resulted in the prioritisation of the individual as the focus of policy action (individualism), rather than prioritising collectives, such as family, whānau and communities (collectivism). In contrast, He Ara Waiora, and the All-of-Government Pacific Wellbeing Strategy emphasise a more collective and intergenerational perspective on economic and community activity.

The Living Standards Framework was initially developed "in response to criticisms of being too focused on income (GDP) as the overriding policy goal" (Engelbrecht, 2013). Early versions emphasised material over non-material aspects of wellbeing and reflected individualistic notions of wellbeing. This is despite Aotearoa New Zealand's population including people from diverse cultures, where collectivism is the well-documented norm.[26]

The latest (2021) version of the Living Standards Framework introduced "the concept of collective wellbeing to reflect the importance of families, whānau and community to the wellbeing of Māori, Pacific Peoples, and many other New Zealanders". This change is yet to be fully implemented. As Treasury noted in Te Tai Waiora, its first wellbeing report, "most indicators and data focus on individuals, and are limited in what they can say about collective and whānau wellbeing" (The Treasury, 2022, p. 63). These data limitations reflect data collection across the public sector, which is often focused on individuals or households and generally does not represent specific communities particularly well. This issue was highlighted by submitters such as Asian Family Services (sub. DR119) and ChangeMakers Resettlement Forum (sub. DR150), in our wānanga with Māori and in our talanoa with Pasifika community leaders. We discuss this issue further as part of the learning system in Chapter 6.

As noted previously, He Ara Waiora, which was introduced in 2018, now sits alongside the Living Standards Framework. Although He Ara Waiora recognises collective values, there remains a tendency for wellbeing policy and investment analysis to default to the types of values set out in the Living Standards Framework alone. Box 5 discusses values and how they filter information, impact our reasoning, influence intentions and determine actions.

In short, we reiterate the view expressed in our interim report (and strongly supported by submitters and via our other engagement) – that frameworks such as He Ara Waiora and the Pacific Wellbeing Outcomes Framework need to be given greater centrality and weight, both in policymaking and in the expectations placed on how public servants should uphold the "spirit of service".

We are not advocating for one dominant approach to be replaced by another; rather, we are arguing for a more pluralistic and multicultural approach. In practice, that will require additional, deliberate and sustained investment in operationalising such frameworks, so they are truly seen as equally valuable.

26 The Treasury notes this feedback themselves, indicating that in the 2021 iteration of the LSF that 'some stakeholders highlighted that to date government has prioritised Pākehā perspectives by default and we should be open to other worldviews'.

Finding 7

He Ara Waiora recognises collective values, and the latest version of the Living Standards Framework introduced the concept of collective wellbeing. Giving such frameworks, including the Pacific Wellbeing Outcomes Framework, greater centrality and weight would help in broadening the values, both in policymaking and in the expectations placed on how public servants should uphold the "spirit of service".

Box 5 **Values filter information, impact our reasoning, influence intentions and determine actions**

Dr Jess Berentson-Shaw is a social science researcher expert in the role that values play in policy decision making and narrative. A summarised excerpt from her forthcoming publication has been shared with the Commission:

Across philosophy, ethics and the social sciences values are defined in a manner of ways. Dietz et al (2005) state that in our day-to-day lives we use the term "values" in three different ways: what something is worth, opinions about that worth, and moral principles.

The first two definitions encompass quite narrow economic concepts of value and worth. In public policymaking, value, worth, preference and choice are commonly used terms primarily concerned with individuals' transient choices or preferences in a market-based society – to which economic theorists and practitioners ascribe a measure of "value". For example, people may talk about determining what is of public value, meaning what worth is ascribed to a policy or policy outcome based on the choices and preferences of individuals made in a market economy. In theory and practice, economic value is very distinct from human values as moral principles or standards that inform our beliefs and actions.

Values are moral or guiding principles in the lives of individuals and collectives – our key motivational force. For those working on significant public policy shifts, especially those that seek to centre various ecosystems that sustain human life and wellbeing, values matter because, as our core motivations, they work to determine how people reason about information we are provided, what intentions to act we develop and ultimately how we behave. They are not the sole determinant of reason, intention and behaviour, but rather part of a "causal cognitive chain" of human action, according to Steg and Vlek (2009).

Source: Dr Jess Berentson-Shaw (publication forthcoming)

Clarify how He Ara Waiora can guide how public servants work

We encourage Treasury to accelerate and extend its work on implementing He Ara Waiora as a tool for policy and investment analysis, and to invest in its use as a measurement framework. Beyond this, we recommend consideration of how He Ara Waiora could be incorporated into how the public sector does its work, the values it upholds, or how it demonstrates the "spirit of service to the community" as now required by the Public Service Act 2020.

This recommendation recognises that public service ethics and values are an important contributor to the wellbeing of New Zealanders. Moving beyond the current provisions in the Public Service Act to lift the cultural competency of public servants and we recommend strengthening the Public Service Act to require the public service to have a greater focus on te ao Māori and give effect to te Tiriti in all activities, and to be accountable for the wellbeing for all New Zealanders.

The values and principles codified in the Public Service Act set out expectations for public servants to maintain public service integrity. We consider that integrating He Ara Waiora values and tikanga (see Box 6) would strengthen the public service's commitment to pluralistic and multicultural approaches, including long-term stewardship. It would also be more explicitly in line with te Tiriti.

> *The vision expressed in He Ara Waiora is one that will benefit all in Aotearoa New Zealand. A framework that centres on the mana of individuals and communities sits at the heart of who we uniquely are as Aotearoa New Zealand and is to be embraced. (sub. DR118, p. 1)*

Recommendation 1

Give effect to te Tiriti o Waitangi
The Government should give better effect to te Tiriti o Waitangi, by embedding tikanga frameworks such as He Ara Waiora into the public management system, so that holistic, intergenerational values guide wellbeing policy and investment, and ongoing public sector reform.

Recommendation 2

Clarify the role of the public service in improving wellbeing
The Government should amend the Public Service Act 2020 to clarify the role of the public service in improving the wellbeing of all New Zealanders, and to clarify how the values set out in He Ara Waiora and other indigenous frameworks could guide how public servants work.

Box 6 **Reforming the values for how the public service and government could work**

We have adapted the five values of He Ara Waiora to set out how the Government or the public management system should act responsibly to support individuals, families, whānau and communities in enhancing mauri.

- **Kotahitanga** (unity) – encourages the public management system to work in an aligned and coordinated way (that is, overcoming existing silo mentality). Kotahitanga fosters strong relationships and networks for the benefit of all, driven by a shared purpose and shared aspirations. It includes sharing data, insights, evidence and ideas to create holistic and culturally sensitive understanding of issues (such as through incorporating both mātauranga Māori and western science).
- **Whanaungatanga** (positive relationships) – encourages the public management system to strengthen trusting relationships, particularly with iwi and Māori, to develop solutions addressing the challenge of persistent disadvantage and enhancing mana of individuals and communities. Whanaungatanga promotes communication, understanding and respect to strengthen connectivity, resilience and cohesion of individuals, families, whānau and communities, as well as promoting national solidarity.
- **Manaakitanga** (care and respect) – encourages the public management system to build a deeper understanding of the imperatives and aspirations of those affected by policy, to demonstrate an ethic of care that gives effect to this value. Manaakitanga emphasises reciprocity, nurturing and collaboration in designing solutions that enhance the mana of people, particularly those affected by persistent disadvantage.
- **Tikanga** (protocol) – encourages the public management system to ensure that decisions are made by the right decision maker, following the right process, according to the right values. It is vital to work visibly in partnership with communities, and to communicate in ways that resonate with those communities.
- **Tiakitanga** (guardianship or stewardship) – encourages the public management system to have careful and responsible management of te taiao wairua and te ira tangata to enhance their interdependent wellbeing. Tiakitanga requires taking an intergenerational view, looking ahead and providing advice on challenges and opportunities in the medium-to-long term to supporting wellbeing.

Set long-term wellbeing objectives

As discussed previously, changes to the Public Finance Act 1989 require wellbeing objectives to be included in the annual fiscal strategy report and budget policy statement. The Act requires these objectives to contribute to the long-term wellbeing of Aotearoa New Zealand but is silent on the duration or timespan over which those objectives should be met. Currently there is no explicit requirement to set a long-term strategic direction, wellbeing objectives that are long term in nature, or to review government investment to track its intent against the impact or outcomes it delivers.

Although the intention has been for these objectives to be more enduring and provide medium-term direction (New Zealand Government, 2022c), there has been a tendency for these wellbeing objectives to be revised annually as part of the Budget process, and for them not to operate as intended.

By not setting explicit long-term wellbeing objectives, the public management system is limited in its ability to deal with complexity and uncertainty, and to fully understand the risk of intergenerational challenges like persistent disadvantage, or of climate change and ecological breakdown (BarBrook-Johnson et al., 2023).

Several submissions on the interim report also supported the idea of setting clear long-term wellbeing objectives, alongside developing a set of wellbeing principles to give greater direction to policymakers and ministers on what they need to take into consideration when designing and prioritising policies – particularly the need for equity. This has already been done for fiscal management and monetary policy. For example, the Public Finance Act provides direction on the management of public finances and the primacy of responsible fiscal management. Similarly, the Reserve Bank of New Zealand Act 2021 provides direction on monetary policy and financial system stability, alongside stated objectives of low inflation and maximum sustainable employment.

The principles for wellbeing could be set out in an amendment to the Public Finance Act to better support the interpretation of what wellbeing means to the public management system. Other legislation has examples of similar principles that could be examined, such as child-related and policy-related principles in the Children's Amendment Act 2018 that operationalise the Child and Youth Wellbeing Strategy, and the health principles in the Pae Ora (Healthy Futures) Act 2022.

We consider that Part 2 of the Public Finance Act (Fiscal responsibility and wellbeing) should contain explicit definitions and principles of wellbeing to guide policymaking and funding decisions, similar to the principles of responsible fiscal management set out in section 26G of the Act.

In addition, we recommend that the Public Finance Act be amended to include provisions for the setting, planning for, and reporting on long-term wellbeing objectives. Alternatively, these requirements could be incorporated into the proposed Commissioner for Future Generations role and/or the proposed Social Inclusion Act.

International examples of setting long-term objectives

The OECD's good practice Policy Coherence for Sustainable Development Toolkit (2015) outlines methodologies for developing long-term objectives. They start with a shared understanding of the long-term desired future state, or setting a generational goal, supported by objectives and milestone targets in priority areas.

The Swedish Government's approach to long-term objective setting in social and environmental policy provides some lessons for Aotearoa New Zealand on the benefits and risks in their methodologies (see Box 7 for more details on this approach).

Box 7 **Swedish Government approach to long-term objective setting**

The Swedish Government sets enduring multi-partisan 20- to 30-year generational goals, supported by clear objectives and milestone targets, based on the sustainable development goals in the United Nations Agenda 2030. All policy decisions must take account of long-term economic, social and environmental implications. This approach includes collaboration with the private sector to integrate sustainable development principles and environmental protection into business operations (Sweden Ministry of Foreign Affairs, 2022).

Long-term objective setting is enabled by:

- visionary leadership – leaders identify and articulate a clear vision of what they want to achieve in the future;
- collaborative governance – stakeholders, including the public and business sector representatives are involved in the process;
- an evidence-based approach – data, research, and expert opinions inform decisions and ensure that the objectives are realistic, achievable, and based on the best available knowledge; and
- regular review and adjustment – governments regularly review and adjust long-term objectives in an anticipatory way, based on changing circumstances, emerging trends and new evidence.

Weaknesses that may undermine the public's support of the long-term objectives include:

- over-emphasis on consensus – over-emphasising consensus-building may slow down decision making;
- lack of accountability – an overreliance on quantitative data, which may not capture the full range of social, cultural, and environmental impacts of the objectives, makes it difficult to hold policymakers accountable for achieving their long-term objectives (Sundqvist & Nilsson, 2017);
- insufficient public engagement – stakeholder engagement may not be sufficiently inclusive or representative of all affected communities (Swartling & Lidskog, 2017);
- resistance to change – regular review and adjustment of long-term objectives can also lead to resistance to change; and
- inadequate resourcing and a lack of funding or implementation capacity can compromise the ability to achieve long-term objectives.

Finding 8

Wellbeing approaches will not achieve their full potential to address persistent disadvantage until there is direction and prioritisation within the public management system. This direction and prioritisation require long-term objectives that better drive purpose and explore co-benefits and complementarities across the public management system.

What could long-term objective setting look like?

To be most successful, long-term objectives must be enduring, sit above party politics, and run across successive governments (and even multiple generations). Government agencies will need a greater mandate and sufficient resources to plan beyond the short term, along with the shift in mindset and culture discussed above. The following approaches are used internationally to navigate the challenges of long-term thinking.

- **Emphasising foresight** – anticipating and preparing for future challenges and opportunities will involve placing greater emphasis on foresight activities, such as horizon scanning and scenario planning, in order to identify and understand emerging trends and potential future scenarios that may impact the country's long-term objectives.
- **Engaging diverse voices in a participatory process** – future challenges and opportunities are complex and uncertain, and they require input from Tiriti partners and diverse stakeholders with different perspectives and knowledge, including marginalised groups, youth, and experts from different fields.
- **Prioritising resilience** – building resilience to future shocks and stresses (such as climate change, economic disruptions, and pandemics) means setting long-term objectives that promote adaptive capacity. Building such capacity includes investing in sustainable infrastructure, promoting social cohesion, and enhancing disaster preparedness.
- **Encouraging innovation and experimentation in response to uncertainty** – adapting to emerging challenges, risks and opportunities. This means fostering a culture of experimentation and innovation, such as through pilot projects, sandboxes and open innovation platforms.

Drawing on the international approaches to setting long-term objectives, the following would be central aspects of any process for Aotearoa New Zealand.

- **A participatory process** – working and engaging with the public, iwi/Māori, and stakeholders to define and set long-term wellbeing objectives that extend beyond the current budget cycle and are aligned with the country's overall vision for the future.
- **A long-term planning cycle for wellbeing** – requiring central government agencies to develop long-term plans as part of a long-term planning cycle, which would involve setting long-term objectives, assessing progress toward those objectives (including via the four-yearly Wellbeing report) and making adjustments as necessary.
- **Reporting on progress toward long-term wellbeing objectives** – requiring Treasury (and relevant agencies) to report regularly on progress toward achieving long-term objectives, including any changes to those objectives or the strategies being used to achieve them.
- **A long-term wellbeing investment framework** – requiring Treasury (and relevant agencies) to develop a long-term investment framework, which would guide the allocation of resources toward achieving long-term wellbeing objectives.
- **Review the wellbeing objectives at least every five years.** These reviews could provide an opportunity to assess progress against existing objectives, identify emerging issues, and set new long-term objectives that reflect changing priorities and circumstances.

In setting long-term objectives, it would be prudent to draw on Treasury's four-yearly Wellbeing Report and learning system insights (discussed in Chapter 6) to set long-term objectives.

Track all government spending and its impact on long-term wellbeing objectives

The establishment of long-term wellbeing objectives requires setting milestones and reporting progress on achieving the objectives in the public management system – moving beyond Wellbeing Budgets to understand impact.

One focus for this progress reporting will be to track the effectiveness of all government expenditure in achieving long-term wellbeing objectives. Currently, annual budgets focus on how "new expenditure" will be allocated, and they provide an opportunity for ministers to focus on current public priorities, with limited attention to the impact achieved via baseline spending. The new spending in the Government's annual Budget is a small fraction of its total expenditure, and all spending needs to be reviewed, not just spending on the margins.

> *The existing budget process is inherently incremental, with the Treasury and Ministers reviewing budget bids and choosing among them based on static, marginal cost-benefit or similar analysis. The Government needs to implement a strategic investment approach that is Government-led and based on risk-opportunity analysis that, in particular, focuses on the most vulnerable. (Rewiring Aotearoa, sub. DR128, p. 7)*

Similarly, there is no clear system in place to evaluate whether government spending decisions made previously were effective in achieving their intended goals, nor recognition that present-day decisions can have long-term consequences (Boston et al., 2019, 2020). To support the implementation and achievement of wellbeing objectives, there needs to be a system to undertake retrospective analysis of budget and baseline spending impacts on wellbeing priorities and objectives.

> *The current wellbeing approach should be extended from just considering new Budget expenditure to a constructive review of existing public expenditure as well as decisions made by central and local government authorities. Devolving funding to entities closer to affected communities will deliver greater outcomes suited to local needs. Adding a wellbeing analysis to Treasury's Regulatory Impact Assessments and Crown Entities annual reports would be an easy and practical change. Within public management we need more tools to complement existing initiatives such as Treasury's CBAx tool such as multi-criteria analysis and risk and opportunity assessment." (Wellbeing Economy Alliance Aotearoa, sub. DR151, p. 4)*

The McGuinness Institute submission recommended the use of year-end reporting (like in the United Kingdom), informed by public participation (such as processes employed in Korea), and development of pre-execution budget profiles and projections (as undertaken in Ireland) as potential mechanisms to address concerns around reporting of impacts on wellbeing outcomes (sub. DR154).

Building on research by Murray Petrie (2021, 2022) around improving fiscal responsibility for environmental outcomes, and the recommendations of the OECD good-practice approach to performance-informed budgeting (OECD, 2019b), spending reviews may be another possible way to improve the link between fiscal policy decisions and wellbeing outcomes. Such reviews can vary in scope (that is, targeted or comprehensive reviews), focus (that is, baseline reviews or strategic funding reviews), and timeframes. Such reviews have been considered as a tool for "austerity", but that is not the purpose of this proposal. Instead, the purpose is to enable investment decisions that best support long-term wellbeing objectives, and their design should reflect this.

There is an opportunity to leverage off the Wellbeing Report (which has a four-year timeframe) and the Statement of Long-term Fiscal Position produced by Treasury. A spending review function in the cycle of these two processes could improve the setting of priorities and strategic long-term objectives.

Clear objectives are required before tracking can occur

As the Office of the Auditor-General stated in its submission on the interim report, it is often not clear to Parliament or the public what outcomes are being sought by government, how that translates into spending, and ultimately what is being achieved with public money (sub. DR114, p. 2).

The Parliamentary Commissioner for the Environment (2022) found that the ability to meaningfully track budget spending to environmental objectives is lacking – due in part to a lack of clarity around what those objectives are. In addition, they noted that, given the current structure of budget appropriations, tracking expenditure may require agencies to identify suitable measures within appropriations – for example, through tagging key initiatives by particular outcomes (Parliamentary Commissioner for the Environment, 2022, p. 82).

> *SSPA would like to see the final report reflect a strong recommendation around how the public finance system can be strengthened to be more transparent, enable equitable outcomes [for] tāngata whenua consistent with Te Tiriti o Waitangi, drive investment over the long-term to address persistent disadvantage, and prevent siloed vote appropriations from being a barrier to mauri ora. (Social Service Providers Aotearoa, sub. DR129, p. 10)*

Internationally, there are examples of tracking expenditure against all-of-government national objectives, such as the French "Green Budget" described in Box 8.

Box 8 **French "Green Budget"**

In 2021, the French Government published its first "Green Budget" as an annex to the 2021 Finance Bill. This was an attempt to integrate "green" tools into the budget process.

The Green Budget provided an assessment of the "green" impact of all state budget and tax expenditure. It reflected concerns relating to climate change, biodiversity and pollution objectives, and commented on expenditure that had a positive and negative impact on these objectives. It provided not only vertical integration, but also horizontal integration across issues. It identified priorities and improved transparency on environmental programmes and spending for the public.

Although the Green Budget was environmentally focused, once long-term wellbeing objectives have been set, a similar approach could be applied to wellbeing and social policy expenditure in Aotearoa New Zealand – improving disclosure, transparency and accountability, in order to better address persistent disadvantage and enhance wellbeing.

We recommend Treasury (and relevant agencies) develop a framework to enable tracking of all government expenditure, and its impact on wellbeing objectives and reducing persistent disadvantage. Further, we propose evolving performance management tools, such as the Performance Improvement Framework and spending reviews, to enable agencies and groups of agencies to better understand their effectiveness in reducing persistent disadvantage.

This effort would support our recommendation to strengthen the implementation of wellbeing and the learning and accountability systems (see Chapters 5 and 6).

Again, we do not propose using these changes as tools for "austerity" or measures to reduce government spending, but as an effective way to better enable strategic budgeting – to better realise long-term wellbeing objectives and provide a mechanism for long-term risk reduction.

> *Governments will soon be forced to look critically into ways to prioritise expenditure and facilitate reallocation of fiscal resources. If applied correctly, spending reviews can be an important and useful tool in improving fiscal outcomes in the coming years. (Tryggvadóttir, 2021, p. 14)*

As a step towards deeper embedding of wellbeing in decision making, we make the following recommendations.

Recommendation 3

Pursue cross-party agreement on generational strategic objectives
The Government should pursue cross-party agreement to develop and implement generational (20- to 30-year) strategic objectives for the nation to help support long-term policy pathways to address intergenerational issues, such as persistent disadvantage.

Recommendation 4

Embed and action wellbeing objectives in the public management system
The Treasury (in collaboration with the Social Wellbeing Agency, population agencies and others) should advise on changes to the Public Finance Act 1989 and other required legislation for the following purposes.

- Set long-term wellbeing objectives and all of-government priorities consistent with improving the wellbeing of current and future generations.
- Set out an explicit interpretation or principles of wellbeing in Part 2 of the Public Finance Act 1989 to guide policymaking and funding decisions, in the same way that section 26G already sets out principles for fiscal responsibility.
- Ensure that the definition of fiscal responsibility is consistent with the broader principles of wellbeing (as reflected in, for example, He Ara Waiora).
- Strengthen the link between the wellbeing objectives and long-term policymaking by adding a requirement that the Government of the day sets out a statement of long-term priorities, which should include explicit details of long-term wellbeing goals and how they will be achieved.
- Require the Government to report progress annually towards wellbeing objectives and priorities, and to address issues identified in the Wellbeing Reports required by the Act.
- Track expenditure related to reducing persistent disadvantage and/or enhancing wellbeing in all agencies (consistent with the suggestion for environmental spending by the Parliamentary Commissioner for the Environment) and require an all-of-government report on agencies' contributions to addressing persistent disadvantage against agreed outcome targets as part of annual reporting.
- Develop and implement a spending review function, informed by OECD good practice, which has the objective of assisting agencies and groups of agencies to better understand their effectiveness in reducing persistent disadvantage and improving the wellbeing of current and future generations.

Connect central and local government to ensure wellbeing objectives flow into all levels of the system

We received several submissions from district councils, local government professional bodies and other organisations regarding the importance of involving local government organisations in national planning to address persistent disadvantage in communities, and vice versa, so that planning is more connected. For example, the Ōpōtiki District Council mentioned the need for central government agencies to respect the "legitimate roles and plans of whānau, hāpū, iwi and local government".

> *Tangata whenua and local communities have aspirations, plans and long-term strategies designed with and for their communities. They have multiple accountabilities. Local government in particular has to follow stringent processes laid down by central government to engage community in long term and annual planning, and to regularly report on progress. Sadly, there is no corresponding requirement on central government to engage with, plan and report to communities in this way. (sub. DR123, p. 2)*

The Manawatū District Council made similar statements in its submission.

> *Local government's knowledge of, and connection to, local communities, and our role in promoting community wellbeing, means that we are uniquely placed to act as an advocate on behalf of the community, or to design and deliver local services. (sub. DR112, p. 1)*

Taituarā, the member organisation for local government professionals, recommended adopting a mechanism for central and local government to undertake joint planning for intergenerational community wellbeing that also involves Māori and NGOs from across the community. They see the need for a single framework across national and local levels for thinking about and acting to promote wellbeing.

> *It concerns us that there are a multiplicity of competing frameworks in the policy space – the Commission's, the Treasury's Living Standards Framework, and the four wellbeings of the Local Government Act. We also concur with the conclusions of the McGuiness Institute that these are fragmented and overall hinder progress. (sub. DR121, p. 4)*

A similar approach has been adopted as part of the Well-being of Future Generations (Wales) Act 2015, which established public service boards to "…improve the economic, social and environmental and culture wellbeing in their area by working together to achieve the well-being goals" (Welsh Government, 2015a).

We have not had the capacity to explore these ideas in depth as part of this inquiry, beyond setting out the need for shifting decision making and funding (in Chapter 5) to enable and sustain more locally led, whānau-centred initiatives. We note that the role of local government in delivering community wellbeing outcomes is also canvassed extensively in the current report of the Review into the Future for Local Government (2022). Joint wellbeing planning should be explored further, as the final recommendations from that report and the recommendations we make in this inquiry are considered, particularly Recommendation 4 on the proposed Wellbeing for Future Generations Act and Recommendation 14 on enabling and sustaining more locally led, whānau-centred initiatives.

Recommendation 5

Align wellbeing roles and responsibilities of local and central government
The Government should consider how to align the respective roles and responsibilities of local and central government in planning and delivering wellbeing outcomes, taking into account the final recommendations from the Review into the Future for Local Government and our recommendations on supporting more locally led, whānau-centred and centrally enabled initiatives.

Embed and steward wellbeing outcomes across the public management system

The recommended reforms above will take time to implement. In the meantime, complementary changes are needed to address our finding that wellbeing approaches will not achieve their full potential to address persistent disadvantage until they are embedded throughout every aspect of the public management system (NZPC, 2022a).

The current wellbeing approach employed in Aotearoa New Zealand needs to be better operationalised to meaningfully guide policymaking, government investment decisions and how the public management system operates now and in the future.

Successive governments have progressed elements of a wellbeing approach. However, to date, operationalisation has been unsystematic and patchy, with inadequate tools (Babian et al., 2021), and unclear agency roles and responsibilities. There is still no straightforward path from measuring wellbeing to integrating it into policy analysis and selection, nor to learn whether investments have worked (see sub. DR121, 124, 134, 138, 141, 153 and 154). For example, the Wellbeing Economy Alliance Aotearoa stated:

> *We absolutely support a continued and strengthened need to anchor a wellbeing approach at the core of public services and policy making. While Wellbeing Budgets, the Treasury's Living Standards Framework and Long-term Insights Briefings have all been positive developments, more is needed to fully address the complexity and interconnection of factors that create and embed inequities in people's lives.…The current wellbeing approach should be extended from just considering new Budget expenditure to a constructive review of existing public expenditure as well as decisions made by central and local government authorities. (sub. DR151, p. 4)*

To address this, we recommend that central agencies – in association with the Social Wellbeing Agency and other Social Wellbeing Board agencies – develop a Wellbeing Policy Implementation Plan that:

- sets out a plan with milestones for implementing the system changes recommended by this inquiry, including who will be accountable for their delivery;
- builds on the findings of this inquiry by undertaking a stocktake of local and international evidence for wellbeing approaches and wellbeing economics, including kaupapa Māori approaches;
- mandates Treasury and the Department of the Prime Minister and Cabinet to build the public service's capability to undertake wellbeing-related policy and investment advice, including by strengthening the adoption of the Living Standards Framework and He Ara Waiora to guide policy and investment advice, Budget bids and evaluation plans across the public sector, and report on agency progress; and
- develops an enhanced set of wellbeing policy analysis tools.

The Wellbeing Policy Implementation Plan should also clarify the central agencies' respective roles with regard to enabling a fully embedded wellbeing approach.

Recommendation 6

Develop and resource a Wellbeing Policy Implementation Plan
Central agencies should develop and resource a Wellbeing Policy Implementation Plan, aimed at implementing the system changes recommended by this inquiry and clarifying agency roles and responsibilities.

Recognise the interests of future generations

> *The debate about the future…is not simply about the virtue of long-term thinking. This is a debate about what is owed to future generations. (Oxford Martin Commission, 2014, p. 10)*

Many of today's challenges transcend generational and geographical boundaries, and decisions we make now shape the future for the next generations. However, as already established, short-termism is a significant feature of the current system, limiting the ability to consider medium- and long-term trends and impacts of today's decisions, and to make decisions across multi-generational timeframes.

The UN Secretary-General Antonio Guterres released the report *Our Common Agenda* (United Nations, 2021, p. 4) in September 2021, which proposes the appointment of a special envoy to ensure that policy and budget decisions take into account their impact on future generations – with the potential consideration of a UN Declaration on Future Generations.

In the past, Aotearoa New Zealand has experimented with independent bodies to advise governments on medium- to long-term issues, including the Planning Council (1976–1991) (which had a medium-term focus) and the Commission for the Future (1976–1983) (Boston et al., 2019). But nothing has endured; and it is timely to reconsider this systems gap.

As discussed in the interim report (2022a, p. 118) other jurisdictions have been developing and implementing future generational commitments formally in legislation, mostly to address concerns around sustainable development from a socio-ecological perspective. There is increasing acknowledgement domestically of the need to better prioritise future generations to address social inequality. Dale (2021) noted that the Welfare Expert Advisory Group documented "emerging social distress around child poverty, increasing inequality, inadequate social support and unaffordable housing". This suggests "current financial policies are unsustainable and intergenerationally inequitable… A government agency that takes a long view of the way different generations will be affected in the future and plans for more equitable outcomes is desperately needed" (Dale, 2021).

Our analysis has identified inter-related gaps or weaknesses in current public management system macro settings in relation to the interests of future generations. These include:

- lack of capability and necessary infrastructure to understand and assess future risks and opportunities (that is, to be anticipatory);
- lack of agreement on what constitutes "long-term", alongside lack of thinking past a 3- to 10-year period in important policies and decision making;
- absence of specific forums and instruments to protect the interests of future generations, at all levels of governance; and
- lack of future-facing accountability mechanisms.

Finding 9

Short-termism within the public management system limits the ability to address long-term challenges and take decisions with multi-generation timeframes. This is compounded by the absence of forums, instruments or institutions protecting the interests of future generations, and by the lack of future-facing accountability mechanisms.

Better represent and protect the interests of future generations

There is increasing recognition that our responsibilities to future generations and protecting their interests are under-represented within political structures, public policy systems and public discourse globally and domestically (Boston et al., 2019; Graham & Bell, 2021; Jones et al., 2018). Short-termism, discussed in Chapter 2, is pervasive. In essence, the system is not "anticipatory", and we need to do better to bring the long term into the short-term focus and ensure tomorrow's interests are actively considered – and properly represented – in today's decisions. As Jonathan Boston concludes:

> *Efforts to counter the presentist bias in contemporary democracies have generated a plethora of ideas … While determining which proposal might best enhance long term governance is difficult, several conclusions are clear: First, no single prescription is universally applicable across all contemporary democracies or policy domains … Second, good-long term democratic governance almost certainty depends upon good governance in general. Robust, effective, deliberative and participatory institutions are thus critical … Finally, countering the presentist bias requires a broadly-based, integrated and systematic approach – that is, a strategy of embeddedness … Put simply, the future must be brought constantly into short-term focus rather than being mostly 'out of sight and out of mind'. (Boston, 2021b, p. 12)*

Focusing on long-term wellbeing will make previously hidden trade-offs more explicit. For example, it would expose the wider costs of building housing on flood-prone land and of failing to address persistent disadvantage. Some of these trade-offs can have confronting implications: as with any investment they may require limiting short-term economic growth, income and government revenue in the interest of long-term sustainability.

Recognising the need to look further ahead, the Public Service Act 2020 created a requirement for public service departments to develop Long-term Insights Briefings every three years. However, critiques of the Government's approach to foresight or long-term insights (by foresight experts including Boston et al. (2019), Washington (2021), Boston (2021b), Menzies (2022)) have identified that our legislation, governance and institutions lack "teeth" or the ability to require action from the public management system in response to these foresight investigations.

As a short-term step, one submitter has called for the Office of the Auditor-General to undertake a performance audit of the first set of Long-term Insights Briefings, including whether these have met their purpose, and how they might be improved (Taituarā, sub. DR121).

The public service does not currently have the right legislative settings, institutional settings, infrastructure and capability to be anticipatory. Menzies (2022) points out that although Aotearoa New Zealand has tried several times to make futures thinking mainstream, "in a world of policy and decision making that aspires to draw on advice that is evidence based, the absence of evidence coming from the future presents a major challenge" (Menzies, 2022, p. 55). As outlined by the OECD and Washington (2018), there is a need to broaden policy toolkits and evolve current approaches to be more anticipatory. Similarly, evaluation and monitoring largely has a historical focus, looking backward at what has happened. The public management system is not even doing this very well, as demonstrated by the failure to apply the lessons from the past into practice, let alone anticipate the future. Chapter 6 looks at this in more detail.

Strengthen foresight

Aotearoa New Zealand has various institutions that have as part of their mandate a responsibility to be forward-looking, assess long-term risks and serve as an advocate for future-oriented interests. These include the Parliamentary Commissioner for the Environment, the Retirement Commissioner (who heads Te Ara Ahunga Ora Retirement Commission), the Productivity Commission, the Climate Change Commission, and the Children's Commissioner. However, these independent Commissioners hold only partial or specific responsibilities for considering long-term, future interests, which creates a fragmented network, gaps, and issues of accountability.

According to Boston et al. (2019), Aotearoa New Zealand's institutional arrangements for foresight – including the assessment of major trends, risks and technological developments – are relatively weak compared to other OECD countries.

> *Currently, there is no dedicated foresight unit in a central agency, such as the Department of the Prime Minister and Cabinet (DPMC), and little investment by government departments and agencies in foresight activities. This stands in sharp contrast to the pattern in many other democracies, including smaller jurisdictions such as Finland and Singapore. (Boston et al., 2019, pp.180–181)*

Boston et al. suggest four main approaches (outside of reforming parliamentary structures and processes) that governments around the world pursue to improve governance for the long-term, taking account of the future, none of which are mutually exclusive:

- establishing new institutions with specific mandates to protect future-oriented interests
- enacting legislation to enhance the quality of long-term reporting and performance management
- strengthening the quality of foresight within the executive branch
- requiring all proposals for legislative reform to include assessments of their consistency with principles of intergenerational fairness and/or the goal of sustainable development. (2019, p. 181)

Enhance anticipatory governance

Many submitters endorsed our interim report recommendation that central agencies explore an anticipatory governance (see Box 9) model (sub. DR121, 132, 138, 140 and 141), and they provided a range of suggestions on how this could be achieved. These mirror longstanding calls in Aotearoa New Zealand to re-establish a futures function within government, or to develop an independent Commission to improve responsibility and accountability of the public management system to future generations (Boston, 2021). Complex and multi-dimensional issues like persistent and intergenerational disadvantage cannot be addressed through reactive and conventional measures (OECD, 2022).

Box 9 **What is anticipatory governance?**

Anticipatory governance takes a medium- to long-term systems perspective, and it allows for early detection and keeping sight of "creeping" or "slow" issues among reactive day-to-day policy work. It provides an evidence-based approach to dealing with systematic risks and failures of current policy settings, as well as action towards improving strategic longer-term thinking and integrated decision making. It is intended to help policymakers address the dangers of making decisions that lock in unsustainable pathways, power imbalances and short-termism.

More specifically, anticipatory governance helps address the overlooked risks that are considered "looming" or "emerging", but that cumulatively become complex and overwhelming. Issues of this nature connected to persistent disadvantage include long-term demographic changes, workforce shortages and stresses, growing chronic disease burden, growing economic and environmental impacts of climate change, and housing shortages. The OECD (2022) has developed "anticipatory governance" methodologies as evidence-based tools to help governments be both forward-looking and innovative. Examples of such tools include the use of scenarios to "stress test" the robustness of current institutional, policy and regulatory settings to respond to such issues. There is growing recognition that this is international best practice (OECD, 2022).

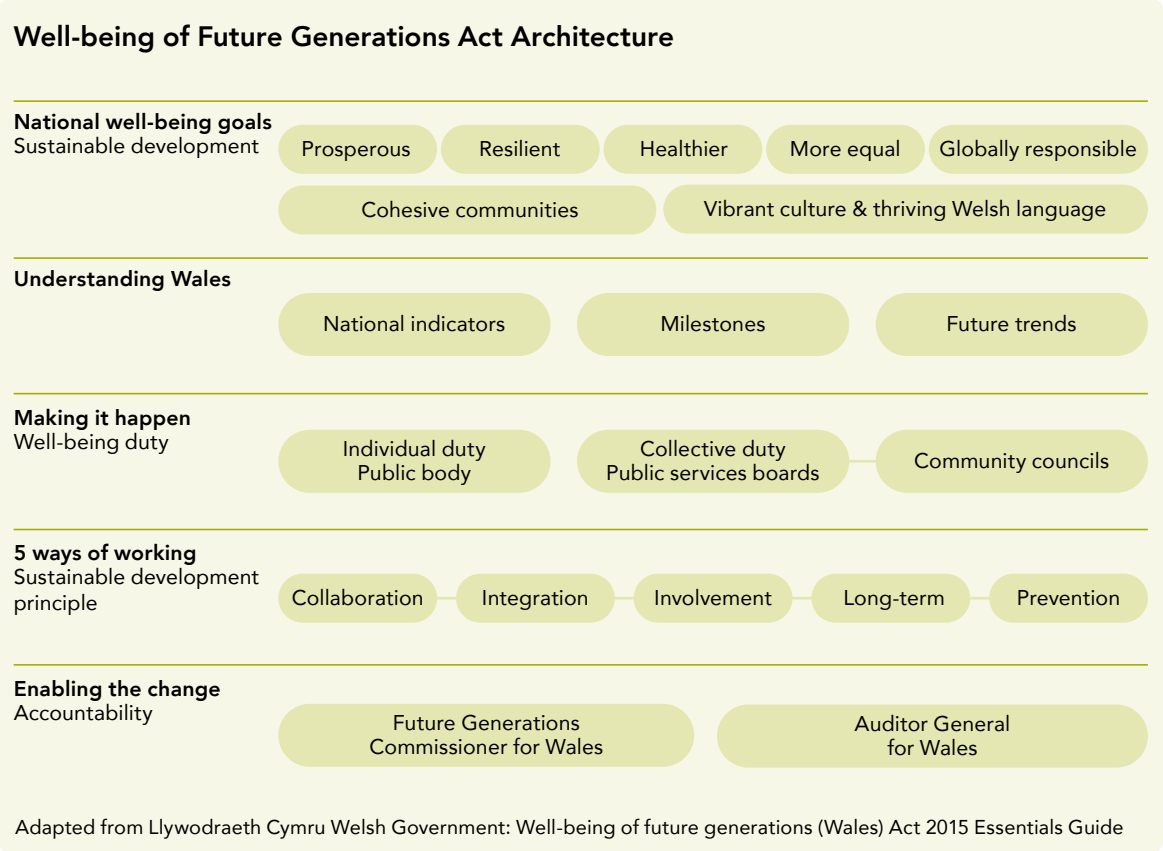
There is a range of options to enhance our future-oriented governance and accountability arrangements, and a range of international models that Aotearoa New Zealand can look to for guidance. Analysis of these examples must acknowledge the different geopolitical and legislative contexts, consider how effective they have been, assess how well they can be applied to Aotearoa New Zealand's specific context, and therefore discern their implications for design decisions in this country.

Finland's cross-Parliament Parliamentary Governance Group for Future Generations, Wales's Future Generations Act and Commissioner, and the Wellbeing of Future Generations Bill are examples that are now being considered by the UK House of Commons (which has similar features to the Welsh legislation).

In particular, we have examined the key features of the Well-being of Future Generations (Wales) Act 2015 and the role of the Future Generations Commissioner for Wales. According to Boston et al. (2019) the Welsh Well-being Act is "comprehensive, ambitious and demanding" and, when it was established, was "the first legislation of its kind anywhere in the world" (p. 130). Box 10 summarises the key features of this Act, and more detail is provided in Appendix A.

Box 10 **Key features of the Well-being of Future Generations (Wales) Act 2015**

The diagram below sets out the key features of the Welsh Act which sets up a Future Generations Commission and Commissioner.



Source: (Review into the Future for Local Government, 2022, p. 153).

Recognising future generations in the Aotearoa New Zealand context

We have considered whether strengthening the mandates of existing institutions that include addressing long-term issues (for example, through additional resourcing or enhanced statutory provisions) would be sufficient to overcome the weaknesses in Aotearoa New Zealand's anticipatory governance. Given the weight of the status quo bias present, we do not consider that this would be enough, nor do we anticipate that it would necessarily be a cheaper or faster solution.

In summary, we consider that, to better represent and protect the interests of future generations, the public management system must be adapted, to:

- strengthen our capacities to understand and assess the future,
- build long-term thinking into public policy processes; and
- enhance governance, decision making and accountability arrangements – for example, creating specific infrastructure (such as legislation and functions) to protect the interests of future generations at all levels of governance.

On balance, we consider that new legislative tools and functions that recognise the interests of future generations are necessary. In particular, we recommend that the guardians of the wellbeing of future generations be established as an institution independent of the Government of the day – as an institution of Parliament.

The Government should introduce a Wellbeing of Future Generations Act that would establish a Parliamentary Commissioner for Future Generations whose statutory role is to represent the interests of future generations. The role may include a range of activities, as listed in Recommendation 7.

We suggest that the Department of the Prime Minister and Cabinet, in conjunction with an oversight board – made up of independent and Parliamentary Commissioners (for example, the Solicitor General, Controller and Auditor General, Children's Commissioner and Parliamentary Commissioner for the Environment), and iwi/hapū Māori representatives, and academic expertise and youth representation. This board should oversee the development of the Act and establishment of the Commissioner as a way of making explicit commitment to long-term decision making and intergenerational equity.

Establishing this new institution will require long-term, multi-partisan support and funding, take time to develop, and require a significant shift in mindset, given the short-term focus of the current public management system. The creation of this new Parliamentary Commissioner may have implications for the existing role of the Parliamentary Commissioner for the Environment, which will need to be considered (Boston et al., 2019).[27]

Develop a mechanism to undertake national conversations to develop a shared understanding of wellbeing for future generations

In our interim report (NZPC, 2022), we recommended that a national conversation take place to reconsider the system's underlying assumptions and values, so that we can reach a shared understanding of the future state we want to achieve for our society, environment and economy. Without such a shared understanding, policymakers will continue to lack the confidence to reorientate the public management system; to commit resources at the scale needed long term; and to make the compromises required to address intergenerational issues, such as persistent disadvantage.

A national conversation was a popular idea with submitters, although many of them saw obstacles to making it a reality. Many submitters suggested that guiding this process using the principles of He Ara Waiora could overcome the obstacles and increase the conversation's chances of success, and that changes to the public management system needed to be non-partisan (NZPC, 2023a). For example, the Waikato Wellbeing Project stated:

> *[A national conversation] should not only be about the machinery of how wellbeing is delivered but also what wellbeing is, the priorities to be invested in, and not assuming that the three-yearly electoral cycle is sufficient mandate on its own. These conversations should not be one-offs, but an ongoing series of regular check-ins with the community about what matters to them and how they would like to see services and wellbeing delivered to them. (sub. DR124, p. 11)*

27 Reforming parliamentary structures and processes and enhancing the range and quality of advice available to Members of Parliament in undertaking their scrutiny responsibilities may also be desirable, but these matters are outside the scope of this inquiry, so we do not consider them further here. We do think they have merit and refer the reader to the wide range of suggestions made by Boston et al. (2021a, 2021b; 2019, 2020) as well as those made more recently by the Clerk of the House of Representatives (2022).

Taituarā put it this way:

> *The Commission is right to be exploring the Wellbeing in Wales Act as a model. While there will never be anything approaching a political consensus on means and values, the so-called Welsh model has provided for a degree of bipartisanship in agreeing upon the ends (i.e. wellbeing objectives). This provides some degree of consistent overall policy direction. (sub. DR121, p. 4)*

Some submitters, like the New Zealand Council of Trade Unions, also urged that a national conversation should also ensure that privileged and powerful voices do not dominate the conversation:

> *Enabling a national conversation, the cocreation of new system settings, and ongoing engagement in public accountability will only be possible if social partners are adequately resourced to participate. If this does not happen, then existing power imbalances will simply be reproduced. (sub. DR134, p. 13)*

Reflect how we value the future in the social discount rate

Governments regularly make decisions that have significant implications for future generations. One of the inputs into the analysis of options that involve costs and benefits across time is the social discount rate. In such analysis, a positive social discount rate gives greater weight to costs and benefits accruing over the short term, and less to the costs and benefits that may be incurred by or accrued to future generations. The extent to which the future is discounted depends on the rate used – the higher the discount rate, the greater the discounting of future benefits and costs.

This weight needs to be explicitly cognisant of, and consistent with, the cross-party agreement on long-term direction setting, to ensure that funding decisions do not underinvest in activities designed to break the cycle of persistent disadvantage.

A detailed analysis of the use of discount rates and how a wellbeing approach could be applied in the context of improving long-term environmental outcomes was presented in a report by the Parliamentary Commissioner for the Environment, which included a recommendation that the Government:

> *Modify the social discount rate currently used to evaluate initiatives and replace it with one that better reflects the longer-term, intergenerational costs and benefits that pertain to the environment…The Treasury should be responsible for co-ordinating a public review on the use of social discount rates across government. This review should have Māori representation. (Parliamentary Commissioner for the Environment, 2021, p. 6)*

The values underpinning the decisions between investments now and in the future, and who makes them, are both important. Therefore, for similar reasons to those identified by the Parliamentary Commissioner for the Environment, we endorse the need for a public review of the social discount rate used in the public management system.

Recommendation 7

Introduce a Wellbeing of Future Generations Act and establish a Commissioner for Future Generations

The Government should introduce a Wellbeing of Future Generations Act to establish a Parliamentary Commissioner for Future Generations, whose statutory role is to represent the interests of future generations. The Future Generations Commissioner may have the following functions.

- Facilitate a national conversation to develop a shared understanding of wellbeing for future generations, with a specific focus on inequality and distributive fairness.
- Review and advise on a range of a methodologies such as foresight and scenario modelling to develop an anticipatory governance model for the public management system, informed by He Ara Waiora and other tikanga frameworks.
- Review and advise on the capability needed across the public service for integrating long-term thinking into policy development, learning and evaluation, and producing informative and illuminating Long-term Insights Briefings.
- Provide independent analyses of the Government's long-term wellbeing objectives and the Government's response to Wellbeing Reports.
- Advise on the appropriateness and consistent application of Aotearoa New Zealand's discount rate policy, which determines how much weight is placed on future outcomes relative to present-day outcomes when analysing social policy investments.
- Advise on the impact of the Budget on future generations.

Establish a social floor

Humanity is undergoing a phase of transition and deep change, which will transform not only our economy, but also our ideas about the economy. This is destabilising for decision makers, but it also presents an opportunity to reshape the future society and economy that we want. The primary rationale of economics as a discipline is the existence of constraints. A constrained set of resources brings to the fore the need to decide where and how to apply such resources for production and consumption, and the inherent prioritisation and trade-offs in such decision making.

Economic activity needs to operate within binding constraints

It is only in recent decades that such constraints are being increasingly seen as more binding on our individual and collective choices. The most prominent of these constraints are in the environmental and ecological fields. Descriptions and measurement of planetary boundaries (Andersen et al., 2020) are now central to efforts and obligations to minimise environmental and ecological harms accruing from human and economic activity. However, despite the increasing acknowledgement of these boundaries, the degree to which the boundaries are currently binding remains contested.

Further, in more recent years, there has been a view that economic activity must also acknowledge the implicit constraints on activity arising from the need to ensure community or social acceptance of such activity. The importance of the so-called "social contract" (Cottam, 2020) has increasingly been discussed from a perspective of distributive fairness. This was well articulated in an April 2020 Financial Times editorial, "Virus lays bare the frailty of the social contract".

> *Radical reforms are required to forge a society that will work for all … As western leaders learnt in the Great Depression, and after the Second World War, to demand collective sacrifice you must offer a social contract that benefits everyone … Today's crisis is laying bare how far many rich societies fall short of this ideal … The economic lockdowns are imposing the greatest cost on those already worse off … Sacrifices are inevitable, but every society much demonstrate how it will offer restitution to those who bear the heaviest burden of national efforts.*

The Treasury's Living Standards Framework recognises these non-material types of constraints in the form of social cohesion, human capability, and culture (as part of Aotearoa New Zealand's wealth); in the importance of "institutions" such as whānau, hapū and iwi, families and households, and civil society; and in wellbeing domains such as engagement, voice, family, friends and subjective wellbeing.

The goal of operating economic activity in a space bounded by the ecological ceiling and a social foundation is the premise of the "doughnut economy" (Raworth, 2018). It should be noted that similar concepts are also prevalent in indigenous frameworks and perspectives – for example, the reinterpretation of the "doughnut" from a te ao Māori perspective (Shareef & Boasa-Dean, 2020).

The Welfare Expert Advisory Group report *Whakamana Tāngata: Restoring Dignity to Social Security in New Zealand* (Kiro et al., 2019) suggested the concept of an income adequacy for meaningful participation in the community, alongside a mutual expectations and responsibilities framework. This concept of income adequacy focuses primarily on access to goods and services in order to minimise material deprivation. Such a concept fits well from the perspective of minimising material deprivation, but likely falls short of our aspiration of enhancing mana and mauri ora or wellbeing.

A baseline standard of living

A broader perspective is encompassed in a "rights-based" approach. These, as described by the Aotearoa New Zealand Association of Social Workers, "recognise the inherent value, worth and dignity of every single individual and community" (sub. DR141, p. 2).

Several other submissions also emphasised that Aotearoa New Zealand's obligations under United Nations human rights charters, such as the Universal Declaration of Human Rights (UNDHR), the Declaration on the Rights of Indigenous Peoples (UNDRIP), the Rights of Persons with Disabilities (UNCRPD), the International Covenant on Economic, Social and Cultural Rights (ICESCR), the Sustainable Development Goals (SDGs) and the Convention on the Rights of the Child (UNCROC) are vehicles for strengthening intergenerational wellbeing by establishing a "social floor" or a baseline standard of living (sub. DR117, 120, 122, 127, 129, 139, 141, 142 and 150). This was articulated by the New Zealand Council of Christian Social Services.

> *A comprehensive policy commitment to wellbeing, as advocated for in the report's recommendations, must be guided by our responsibility to uphold dignity, to provide an adequate standard of living, to enable access to housing, healthcare and education, and freedom from discrimination... we must ensure that our commitment to these rights and responsibilities are explicit in any discussion regarding the purpose of our public management system and the wellbeing of our people. (sub. DR120, p. 3)*

Despite Aotearoa New Zealand being a signatory to the above obligations, there is ongoing criticism of the Government's commitment to implementing them or to upholding those rights in practice. For example, the Auditor-General's (2021b) review of New Zealand's implementation of the Sustainable Development Goals found that the Government has not been clear about what it will achieve and how it reports on progress to hold itself or the public management system to account as required to meet the 2030 Agenda.[28]

A social protection floor has been described as "nationally-defined sets of basic social security guarantees which secure protection aimed at preventing or alleviating poverty, vulnerability and social exclusion (International Labour Office, 2012). These guarantees should ensure at a minimum that, over the life cycle, all in need have access to essential health care and basic income security" (International Labour Office, 2012, p. 5). Such a floor is necessary to give effect to the implied social contract that enables economic and business activity. Macro-level assumptions and guidance in the current system are not consistent with the concept of a social floor underpinning a social contract. Moreover, the concept of income adequacy is also absent from the current system. To date, there has been an aversion by successive governments to explicitly acknowledge either a minimum level for income adequacy, or the elements that would constitute a protective social floor.

Recognising the constraints on economic activity should be central to our economic decision making. Mana tautuutuu reflects the concept of a social contract in the form of mutual and reciprocal obligations and responsibilities. A right to a social floor sits alongside respecting planetary boundaries that recognise obligations to future generations.

Income adequacy is necessary but not sufficient

Establishing a social floor would also need to be consistent with Tiriti obligations of both partners. At the same time, it should recognise that although a social floor for economic activity is a necessary condition for individuals, whānau and communities to thrive (that is, it should address their income and many of their material needs), it does not address their non-material needs. It is necessary, but not sufficient for social inclusion, human capability and culture.

At a minimum, the authorising environment and tools to establish an explicit social (protective) floor, which flows through investment and policy directions, would assist in breaking the cycle of persistent disadvantage. Although what we recommend prioritises material wellbeing (or income), we acknowledge the need for deeper thinking into non-material wellbeing aspects of a new social contract. We see this as a start or a step toward better providing for mana tautuutuu, mana whanake, and mana āheinga.

28 In 2015, all United Nations members (including New Zealand) signed up to *Transforming our world: the 2030 Agenda for Sustainable Development* (the 2030 Agenda). The 2030 Agenda seeks to improve life for current and future generations, particularly for those who are more vulnerable or described by the 2030 Agenda as being "the furthest behind". It sets out 17 sustainable development goals to be achieved by 2030. These goals encompass social, environmental, and economic sustainable development.

Recommendation 8

Establish and maintain measures describing a social floor

The Treasury – in consultation with Tiriti partners, other government agencies, representatives of people experiencing persistent disadvantage, and the public – should develop and maintain measures describing levels of both material and non-material wellbeing necessary for social inclusion as defined in this report.

As a first step this should begin with quantifying and maintaining the level of incomes required for a range of families and whānau to meet the material requirements for social inclusion, noting that these are not the only requirements for social inclusion.

The levels should be designed to achieve social inclusion for individuals, their families, whānau and communities, recognising the interconnection between the needs of people and the context in which they live.

The levels should be based on criteria including the factors required for social inclusion described in the reports of this inquiry, the standard of living needed for social inclusion, and Aotearoa New Zealand's human rights statutes and international commitments.

These outcomes and measures should be incorporated in the Living Standards Framework and He Ara Waiora, alongside other measures required for a sustainable and equitable environment, society and economy.

The Social Inclusion Act (see Recommendation 13) should require that the extent to which this baseline social floor is achieved be monitored and reported on.

Current work related to protective factors should be expedited

The systems changes required to break the cycle of persistent disadvantage will require long-term efforts, some of which will be in areas that are beyond the scope of this inquiry. The Government should continue to develop and fully implement reforms in related policy areas,[29] particularly the reforms identified in the Welfare Expert Advisory Group recommendations (Kiro et al., 2019). Although these reforms are part of the solution to addressing persistent disadvantage and may assist in providing basic living standards as part of the protective social floor, the recommendations in this report are also needed, to address the complexity and interconnection of factors that create and perpetuate inequities.

29 Some of the relevant policy areas were outlined in Table 5.1 of our interim report (NZPC, 2022a). Although we have not evaluated every policy listed, the contributory factors listed exemplify the many policy areas that relate to persistent disadvantage, which will continue to require addressing.

Recommendation 9

Expedite work related to protective factors
Progress, expedite and resource existing work programmes that protect against persistent disadvantage.

Chapter 5

Re-focus public accountability settings to activate a wellbeing approach

This chapter details why and how we need to re-focus our public accountability settings to activate a wellbeing approach. We describe what public accountability is and why it is important to consider in relation to addressing persistent disadvantage, outlining critical gaps in the design and operation of public accountability settings in Aotearoa New Zealand. We analyse how these gaps arise from the interplay of features that strongly incentivise certain ways of working in the public sector before setting out our recommendations.

Accountability settings have a powerful influence over how the public management system operates

Public accountability is about how the power of the government is used. In democracies, public accountability is grounded in the relationship between public officeholders and citizens, and it involves three interconnected aims:

- preventing the abuse of power through measures such as sanctions, ranging from disclosure to dismissal and criminal punishment;
- promoting the positive exercise of power, so the Government, ministers, and officials act effectively, efficiently and equitably; and
- encouraging learning across the public management system to support ongoing improvement.

How the accountability relationship works day to day is called an "accountability system", which is made up of settings that create requirements and drive behaviours. For example, it requires individual agencies to submit an annual report to Parliament.

There is no single document that sets out Aotearoa New Zealand's accountability system. It is contained in a range of sources, including legal documents (including te Tiriti o Waitangi (te Tiriti) and the Standing Orders of the House of Representatives), laws (notably the Public Service Act 2020, the Public Finance Act 1989 and the Crown Entities Act 2004), court decisions, conventions and practices.

Aotearoa New Zealand lacks the checks and balances found in other democracies

Aotearoa New Zealand's constitutional framework is rooted in the British (Westminster) parliamentary model, but it has some key differences. It features a sovereign government, a single parliamentary house, and a flexible, unwritten constitution (other than te Tiriti), with limited written civil and political rights relative to other democracies. Due to the absence of additional checks and balances found in other democracies (such as an upper house) the accountability system in Aotearoa New Zealand must bear greater weight.

In addition to demonstrating "to Parliament and the public…competence, reliability, and honesty in their use of public money and other public resources" (Haemata Limited, 2022b, p. 2), in the context of this inquiry, accountability needs "to ensure that the assistance provided to people experiencing persistent disadvantage helps them to live better lives" (Wilson & Fry, 2023, p. iv).

However, many policies and services provided by the public management system do not work well for people experiencing persistent disadvantage (ibid, p. ii). Attempts to introduce and expand new services or adapt existing services have been constrained by the limitations of the current accountability and learning systems. These systems favour centralised service delivery on the assumption this creates efficiencies, and only periodically assess actual impact – often when something goes wrong – while also excessively monitoring contractual outputs. There is a lack of focus on accountability for learning about what matters most to individuals, families, whānau, and communities, and a rarely tested assumption that services achieve the outcomes they are commissioned for.

There are three critical gaps in the design of our accountability system

Given the extent to which disadvantage persists in Aotearoa New Zealand, a step-change in public accountability settings is required, rather than incremental improvements.

This view is supported by the Auditor-General (sub. DR114). The Auditor-General has been calling for a "more responsive, relevant, and accessible public accountability system", noting that the current approach is inwardly focused, disconnected from the public, compliance-driven and "provides little useful information about what is important to Parliament and the public" (Controller and Auditor-General, 2021c, p. 3). Some of these concerns have also been raised in the context of the environment, by the Parliamentary Commissioner for the Environment (2022).

To effectively tackle complex, long-term issues like persistent disadvantage, and to promote long-term wellbeing in Aotearoa New Zealand, three critical gaps in the accountability system must be addressed:

- weak direct accountabilities for ministers and the public service in addressing persistent disadvantage and the needs of future generations;
- the neglect of te Tiriti as a foundational constitutional document; and
- settings that constrain ongoing learning and more innovative and effective ways of addressing persistent disadvantage, including relational, collective and trust-based approaches.

These gaps reflect an overemphasis on preventing abuse of power, and focusing on "delivery" rather than results, leading to a "pseudo-accountability" trap (Wilson & Fry, 2023, p. 85), which is discussed further below. The focus on delivery deflects attention, energy and motivation away from learning about what is and is not working to improve the lives of people experiencing persistent disadvantage. As discussed in Chapter 6, a well-designed learning system would be able to support and learn from two-way accountability between the public management system and communities.

The three gaps above also reveal settings that are out of sync with the intent of other public sector reforms to the Public Service Act 2020 and Public Finance Act 1989, particularly those around the provision of more modern, connected, citizen-focused public services (PSC, 2020). This is limiting the effective operation of those reforms.

Weak direct accountabilities for addressing persistent disadvantage

Although the need to address persistent disadvantage has been acknowledged for decades, recognition that existing funding, service delivery and accountability models limit our ability to respond effectively is more recent (NZPC, 2015a; Warren, 2021; Wilson & Fry, 2023). Despite recent reforms, including to the Public Service Act 2020 and Public Finance Act 1989, and the introduction of the Social Wellbeing Agency (formerly the Social Investment Agency), accountability settings have largely remained unchanged.

There are weak accountabilities for ministers and chief executives for addressing persistent disadvantage. Accountability within the public sector for addressing persistent disadvantage only exists at the general level. There is no minister responsible for setting policy or overseeing delivery of assistance to people experiencing, or at risk of experiencing, persistent disadvantage, or for addressing the social and economic conditions that underpin disadvantage. Responsibility is spread across many portfolios and departments,[30] reflecting the specialised nature of public service structures.

The closest example of a specific accountability regime in law is the detailed approach to setting policy targets and measuring progress contained in the Child Poverty Reduction Act 2018. But there is no direct accountability to people currently experiencing persistent disadvantage, or to people at risk of experiencing it, including future generations, either in this Act or elsewhere. Although efforts to build stronger collective accountability are underway (for example, through Interdepartmental Executive Boards, and the Social Wellbeing Board), there remains a risk that board members' primary accountabilities to their own agencies dominate, especially when unexpected barriers arise and need to be addressed.

Neglect of te Tiriti o Waitangi as a foundational constitutional document

Te Tiriti requires accountability between Tiriti partners (Waitangi Tribunal, 1998), but accountability settings in Aotearoa New Zealand do not reflect the constitutional status of te Tiriti.

30 As an indication of the range of agencies involved, the Social Wellbeing Board (a cross-government group of chief executives that oversees social sector work with joint remits), has members from the Accident Compensation Corporation, the Department of Corrections, the Ministry of Education, the Ministry of Health, the Ministry of Justice, the Ministry of Social Development, the New Zealand Police, Oranga Tamariki, Te Puni Kōkiri, and the Department of the Prime Minister and Cabinet, and it is chaired by the Public Service Commissioner.

As a founding constitutional document of Aotearoa New Zealand, "[t]e Tiriti o Waitangi should feature prominently in our formal accountability system. Instead, it is largely absent" (Wilson & Fry, 2023, p. iv). This absence needs to be addressed in partnership with Māori as part of the first principles review that we are recommending. But we should not wait for the results of this review before involving Tiriti partners in the design and operation of our accountability system, and better reflecting te ao Māori perspectives in how the public service demonstrates accountability.

Recent work by Haemata Limited for the Office of the Auditor-General has highlighted the need to strengthen public accountability to Māori, recognising the trust that underpins accountability is relational and reciprocal, built through following tikanga, and thwarted by power imbalances (Haemata Limited, 2022b, pp. 4, 10). As well as meeting Tiriti obligations, addressing this would benefit everyone in Aotearoa New Zealand by expanding recognition and adoption of more holistic and collective models of accountability.

Settings constrain more effective ways of addressing persistent disadvantage

A step-change from current accountability settings is needed to drive a more relational, multi-dimensional, wellbeing-focused accountability system that centres the voices of people experiencing persistent disadvantage and tackles the socio-economic drivers that keep people trapped in disadvantage. Our existing settings limit the use of more effective ways of addressing persistent disadvantage in three main ways.

First, outdated accountability settings make it difficult to address complex long-term issues, including persistent disadvantage, because they are designed to support efficient, siloed delivery models. As recommended in our interim report, (NZPC, 2022a) a comprehensive first-principles review of public accountability settings across the public management system will be needed to develop a more fit for purpose accountability system focused on supporting longer-term wellbeing. There are other changes to accountability policy settings that can be made more immediately.

Second, our accountability and funding settings do not yet adequately enable and support more trust-based and devolved ways of working or providing public services, such as locally led, whānau-centred, centrally enabled approaches, or the relational commissioning approaches committed to in the Social Sector Commissioning Action Plan (Ministry of Social Development, 2022).[31] Local and international evidence demonstrates that building trust, and developing social capital and a network of support that people can draw on when needed, empowers people to make the changes they want to improve their lives and is key to reducing persistent disadvantage (Wilson & Fry, 2023). This approach encompasses more than delivering services to individuals; it involves investing in the social and cultural infrastructure that supports wellbeing.

31 In our 2015 *More Effective Social Services* inquiry, we concluded that to improve outcomes for people with complex needs, the Government should relinquish top-down control and make greater use of devolution in the social services system (NZPC, 2015, p. 119, Recommendation 5.1). Devolution was defined as "[t]he transfer of substantial decision making power and responsibility to autonomous or semi-autonomous organisations with separate governance" (ibid., p. xii).The draft report by the Review into the Future for Local Government similarly proposes governments follow the principle of "subsidiarity", with roles and functions being led and managed at the most appropriate system level so that communities are empowered to shape their outcomes and take a leadership role in doing so (Review into the Future for Local Government, 2022, p. 109). See also the discussion, in Chapter 4 of this report, of how long-term wellbeing objectives could support greater coherence of wellbeing policy implementation across central and local government layers.

Third, to the limited extent that current settings hold agencies accountable for outcomes (rather than for how they use inputs or what outputs they produce), the settings are typically focused on the immediate challenges faced by individuals. There is a lack of emphasis on developing protective factors and prevention or working on the upstream drivers of wellbeing. No amount of crisis services, regardless of their quality, will break the cycle of disadvantage and improve wellbeing (Hagen et al., 2021).[32] Moreover, many people experiencing persistent disadvantage benefit from more holistic, longer-term assistance that takes into account wider whānau needs. The Whānau Ora Outcomes Framework – which embraces longer-term, collectivist worldviews as the unit of reporting and performance measurement – is an exception to this approach, and it seeks to hold agencies accountable for both short- and long-term outcomes at the level of the collective: individuals, families, whānau or wider communities.[33]

As a result of these limitations, the types of locally led and whānau-centred approaches that can provide more effective connected and integrated assistance to people experiencing persistent disadvantage, and collectively work on addressing the drivers of persistent disadvantage, are in short supply. Those that exist often struggle to meet the level of need and aspirations within communities for a range of reasons, as set out in Box 11.

Box 11 **Centrally enabled, locally led, whānau-centred approaches are under-resourced**

Some existing Place-Based Initiatives (PBIs), such as Manaaki Tairāwhiti and the South Auckland Social Wellbeing Board – which were launched in 2016 following the recommendations of our *More Effective Social Services* inquiry (NZPC, 2015a) – are still relatively small scale and have not been replicated in more areas across the country since then.[34]

Core funding for Manaaki Tairāwhiti is $1.25 million and for the South Auckland Social Wellbeing Board is $2.5 million annually. Their funding is confirmed through to mid-2025, and consideration is being given to how to fund the existing PBIs appropriately and sustainably beyond 2025, while also supporting the development of other place-based approaches. The overall place-based appropriation is currently set at $5 million per year.

Whānau Ora, although national in reach with three commissioning agencies (one in the North Island, one in the South Island, and the national Pasifika Futures) has not received funding commensurate with the scale of the demand it faces, despite its evident success.

32 This issue is well recognised by decades of reports (Braveman & Gottlieb, 2014; Kiro et al., 2019; Marmot, 2015; Solar & Irwin, 2010) and also by strategies such as Te Aorerekura – National Strategy to Eliminate Family Violence and Sexual Violence, which has a stronger focus on healing, and the critical role of tangata whenua and community leadership for achieving intergenerational change; and Kia Manawanui Aotearoa – Long-term pathway to mental wellbeing, which adopts a starting point of "strong and connected individuals, whānau and communities" rather than of treating illness. However, we remain concerned that these efforts are at odds with accountability settings that pull against this type of approach.

33 According to the framework, whānau ora is achieved when whānau are self-managing; living healthy lifestyles; participating fully in society; confidently participating in te ao Māori; economically secure and successfully involved in wealth creation; cohesive, resilient and nurturing; and responsible stewards of their natural and living environments (Te Puni Kōkiri, 2016, p. 1).

34 We note that under the current health reforms there is a focus on rolling out localities across the motu, with prototypes already underway. There are also Integrated Community-Led Response pilots underway under Te Puna Aonui.

Box 11 continued

Whānau Ora provides a wide range of social assistance to diverse communities and has an annual budget of $135 million for 2022–23 and outyears. As noted by the Controller and Auditor-General (2023), there have been few instances of government agencies channelling funding for whānau-centred initiatives through the existing Whānau Ora infrastructure. Agencies have instead built their own programmes. As the Auditor-General has noted, there are some circumstances in which "public organisations should consider whether to make greater use of the Whānau Ora commissioning infrastructure before developing alternatives" (Controller and Auditor-General, 2023, p. 5).

Other initiatives have also experienced significant excess demand, particularly in their initial phases. Enabling Good Lives is a national initiative designed to improve choice and control over disability support services for people with disabilities and their families, with new regional Enabling Good Lives entities supporting local service commissioning. An initial pilot in the former Mid-Central DHB, Mana Whaikaha, opened to a waitlist of 400 families and significantly increased the number of families each Kaitūhono (Connector) was responsible for from 45 to 100 (Lovelock, 2020, p. 25). It remains to be seen whether the funding increases provided in Budget 2022 will be sufficient to address this.[35]

Apart from being unable to fully meet existing or future community needs and aspirations, uncertainty over ongoing funding generates further problems. It makes long-term strategy-setting difficult, undermines recruitment and retention efforts and investment in core systems and processes, disrupts continuity of relationships, stymies the realisation of system change opportunities, and damages the trust of the local community (Fry, 2022).

Finding 10

Given the extent to which disadvantage persists in Aotearoa New Zealand, a step-change in public accountability settings is required, rather than incremental improvements. To effectively tackle complex, long-term issues like persistent disadvantage and promote wellbeing for all in Aotearoa New Zealand, now and in the future, there are three critical gaps in the accountability system that must be addressed:

- weak direct accountabilities for ministers and the public service in addressing persistent disadvantage and the needs of future generations;
- the neglect of te Tiriti o Waitangi as a foundational constitutional document; and
- settings that constrain ongoing learning and more innovative and effective ways of addressing persistent disadvantage, including relational, collective and trust-based approaches.

35 Budget 2022 allocated $100 million in additional funding over four years to support a national roll-out of this approach intended to transform disability support services for at least 43,000 disabled people, their families, whānau and communities, along with $176 million in annual funding to meet cost and demand pressures across disability support services.

Finding 11

The gaps in the accountability system contribute to the short supply of the types of approaches that evidence shows can provide more effective joined-up assistance to people experiencing persistent disadvantage. These centrally enabled, locally led, whānau-centred approaches are under-resourced. Those that exist often struggle to meet the level of need and aspirations within communities.

These gaps arise from the interplay of features that strongly incentivise certain ways of working

These ways of working include:

- siloed decision making and vertical accountability limit collective action on complex issues (as described in Chapter 2);
- entrenched risk aversion works against innovation and learning;
- narrow, transactional contracting approaches curtail responsiveness and adaptability; and
- a lack of investment in the necessary infrastructure constrains collaboration.

Siloed decision making and vertical accountability limit collective action on complex issues

As noted in Chapter 2, the architecture of the public service is based on specialist agencies addressing single dimensions of wellbeing with strong vertical accountability "up the chain" from people working on the ground to chief executives and ministers and, ultimately, voters.

Accountability to people receiving assistance is assumed to happen through standard accountability documents (such as annual reports) and forums (such as the Select Committee process), but these are severely limited forms of accounting to people experiencing persistent disadvantage. They do not adequately centre the voices of people experiencing disadvantage; they fail to recognise ways of working in partnership with whānau, iwi and communities; and they do not provide a mechanism for the active involvement of people in the design of initiatives that are intended to support them.

There is growing evidence that more whānau-centred and locally led services work better for people experiencing persistent disadvantage (Fry, 2022; The Southern Initiative & Auckland Co-design Lab, 2022; Wilson & Fry, 2023). Despite this evidence, chief executives, ministries and people providing assistance remain responsible for delivering siloed services. This limits investment in whānau-centred, locally led initiatives that cut across such silos, constraining the extent to which more connected and integrated approaches can benefit from economies of scale and achieve better return on investment.

Entrenched risk-aversion works against innovation and learning

A common critique of public management systems is that they are "too risk averse", and Aotearoa New Zealand's system is no exception (NZPC, 2022a, p. 64). Public servants themselves are not inherently risk averse; indeed, some empirical evidence suggests that altruistic motivations may make public servants more open to change and willing to tolerate risks than the general population (Nicholson-Crotty et al., 2016). Rather, as discussed earlier in this section, our existing siloed delivery models and accountability arrangements incentivise and reinforce risk-averse behaviours.

In 2000, while examining how the public management system in New Zealand had responded to earlier reforms, Gill acknowledged that:

> *As with all complex systems, [the public management system] was capable of producing a range of behaviours and styles of operation with unforeseen consequences and dynamics. One was the accretion of accountability and process instruments onto a system acclaimed for its simplicity. Another was the inflexible application of the model rather than using the model to handle complexity. (2000, pp. 58–59)*

Gill noted that, as circumstances changed, refinements to how the public management system operated were needed. But instead of evolving in a balanced way, the system accumulated measures "focused mainly on [chief executive] accountability for outputs" and, to an extent, these tools became "an end in themselves" (ibid., p. 60).

Our accountability settings need to change to achieve a better balance between the scrutiny and transparency that underpin trust in public institutions. Accountability settings must support an authorising environment that increases responsiveness to people experiencing persistent disadvantage and learning in a complex system. They need to incentivise and support more collaborative, locally led and whānau-centred approaches, and reward greater risk taking and experimentation in the context of developing a learning system.

Even if they genuinely believe that more horizontal, connected and integrated, relational, trust-based ways of working are more effective, public servants, like everyone else, will respond to the incentives they face. In Aotearoa New Zealand, those incentives are the result of a rich ecosystem of constitutional and legal rules that limit the authority given to individual public servants, even those with wide discretion in how they deliver assistance. Because they are primarily held accountable to ministers for delivering services via vertical "silos", they are constrained from working in different, more collaborative ways that require them to go beyond the mandate of their agency. Public servants who prioritise the needs of people they are assisting – by pushing the boundaries of accountability through developing "workarounds" that support more collective and collaborative approaches – do so at considerable personal risk: if something goes wrong, they will be held responsible. Being held responsible for the actions of others is especially problematic when there is not a direct relationship between cause and effect.

There are a small number of collective approaches that have successfully demonstrated an alternative way forward. Manaaki Tairāwhiti is one example and is described in Box 12.

Box 12 **The Tairāwhiti "way of working"**

Manaaki Tairāwhiti is an iwi- and community-led Place-Based Initiative (PBI) with government, local government and non-governmental organisation (NGO) members, which was established in Gisborne in 2016. They have worked with ministers, agencies and their community to develop an authorising environment and accountability arrangements that meet the needs of whānau experiencing challenges and of the ministers responsible for the PBI's funding.

The Tairāwhiti "way of working" involves embedding trained Manaaki Kaiurungi/Navigators ("those who steer the waka") into front-line agencies. Coaches provide ongoing on-the-job training, supervision and case-by-case guidance to Kaiurungi, encouraging them to "pull for support" where the current system cannot meet needs. Kaiurungi build trusted relationships with whānau, support them to identify and meet their needs and goals, and help connect whānau to agencies, organisations and communities. A modest discretionary fund ($40,000) can be deployed in situations where current services lack the flexibility to meet needs.[36]

Kaiurungi also collect data – directly recording and "theming" issues that whānau have raised (described as "whānau voice") and identifying individual training needs and areas for change within their own organisation. Experts analyse this data and document how services and systems are working for whānau, and they escalate identified barriers and gaps to the Manaaki Tairāwhiti Governance Board. This data informs the Board's work programme and the future work programmes of agency partners.

Detailed monitoring, together with a "test, learn and adapt" mindset, provides ministers with the assurance that this approach is effective, and provides whānau with the confidence that they will be listened to, treated with respect, and supported to improve their lives.

There are still limits on what Manaaki Tairāwhiti can do within existing systems and structures. One particular challenge is that suggestions for systems improvement, once escalated, often fail to be actioned. Many leaders and public sector organisations lack familiarity with systems change methodologies and are locked into meeting current performance indicators, when they need to be committed to taking action to improve the system where barriers are trapping whānau in persistent disadvantage. Effectively addressing this will require changes to our accountability architecture (discussed in this chapter) coupled with the development of an embedded learning system (see Chapter 6).

If governments want more public servants to become comfortable adopting collaborative, long-term, whānau-centred ways of working that share power differently, they need to change their incentives and their authorising environments to support this. As discussed in Chapter 6, fostering a culture of experimentation and learning is critical. This needs to include central government public servants and for teams to use policy and commissioning levers differently to better enable whānau-centred and locally led ways of working. New forms of governance are needed that build trust, and an accountability architecture and an authorising environment needs to be created where learning and adaptation are expected, it is "safe to fail", and experimentation is rewarded (Martin, 2016).

36 This fund is used in situations where no one else pays for services, where it would take too long to access services, or to avoid debt where another service would require the money to be paid back (Nepe et al., 2021, p. 16).

The success of Manaaki Tairāwhiti and other collaborative approaches like Whānau Ora demonstrates it is possible to work together with communities in partnership, and to achieve genuine joint accountability to ministers and to people experiencing persistent disadvantage. Although some of the incentives, design features and approaches underpinning this model are likely to have more general application, we expect initiatives that emerge in other localities would evolve arrangements that are tailored to their local contexts, opportunities and aspirations.

Current reform efforts have limitations

Te Kawa Mataaho Public Service Commission (PSC) has undertaken a considerable programme of work seeking to support improved cross-agency working, and provided detailed guidance on cross-agency working via a toolkit, *Kete Rauemi Hoahoa mō ngā raru* (PSC, 2022b). The guidance identifies various scenarios, ranging from a small number of agencies at the national level "taking a systems approach within sectors", to most or all agencies taking system leadership roles at the national level, to agencies working collaboratively at the frontline or community level and "organising around customer and place". The PSC has described a spectrum of levers – from "soft" voluntary coordination to "hard" structural change, and it has examined the conditions under which different approaches might be warranted (PSC, 2022b).

Joint funding arrangements often involve greater complexity and higher administration costs than funding a single agency from a single Budget appropriation, but they can deliver more effective "joined-up" services for people experiencing persistent disadvantage and create the conditions in communities that lead to better wellbeing outcomes. But many Interdepartmental Executive Boards (formerly known as Joint Ventures) have struggled to get traction, in part because agencies have not provided them with sufficient resourcing or taken genuine responsibility for their outcomes. For example, the Auditor-General's 2021 report on the Joint Venture on Family Violence and Sexual Violence, Te Puna Aonui, concluded that "sustained and urgent action is required to realise the potential of the joint venture to improve the lives of New Zealanders affected by family violence and sexual violence" (Controller and Auditor-General, 2021, p. 1).

Following an assessment of 18 joined-up social service initiatives including joint funding models, Fry (2022) concluded that improving their effectiveness would require adequate, dedicated funding from the outset; trust between agencies, providers and whānau and community; clear shared objectives, sound governance and enough staff; and effective data collection, monitoring and evaluation. These elements also need to be supported by clear shared accountability and funding arrangements, if shared goals and collective actions are not to be sublimated and viewed as secondary to the "main work" of agencies. As Fry commented:

> *When it comes to accountability, the right balance has not yet been found. Existing funding and accountability mechanisms are designed to support siloed delivery and do not serve collaborative initiatives well. Many collaborative initiatives face excessive scrutiny. At the same time, alongside a small number of best practice evaluations, there are also examples of over-resourced assessments that fail to get to the heart of the matter: does this particular intervention help people experiencing persistent disadvantage to improve their lives? (2022, p. 4)*

Although they have significant potential advantages over siloed services, the Public Service Act 2020 provisions that allow these structures are primarily designed to improve communication and collaboration, not to achieve a fundamental rebalancing of power. Currently, decision making and

funding arrangements must be set each time an Interdepartmental Executive Board is established. In some cases, funds are channelled through an associated department, which sets the Board up to monitor the silos, rather than promoting integration. Effective joint accountabilities, particularly for chief executives, remain an aspiration. Significant further changes to accountability and funding settings (which may need to be custom designed to fit specific contexts) are needed to improve the effectiveness of this approach.

Reflecting these challenges, many cross-cutting efforts are not yet using the formal interdepartmental provisions, which essentially delegate management of appropriations and strategic intentions to a separate, new agency, rather than a single existing department. Part of the problem is that under the "Westminster chain of accountability", departments fear they will be held responsible if something fails after they have handed money over to someone else.

We expect that as collective governance arrangements mature and build trust, they will become more adept at balancing shared and siloed accountabilities and responding to emerging barriers as they surface. But public servants working in this space say they expect tensions are likely to remain.

We recommend Interdepartmental Executive Board arrangements be re-examined in the context of the immediate accountability policy work programme recommended below. Modifications geared towards working with iwi, communities and whānau in different ways that rebalance power dynamics could point the way to a different future paradigm – where public sector work is oriented around outcomes and/or population groups instead of sectors, in response to strategic medium and longer term wellbeing objectives set by governments.

Narrow, transactional contracting approaches curtail responsiveness and adaptability

The challenges associated with and resulting from current contracting practices were extensively canvassed in our *More Effective Social Services Inquiry* (NZPC, 2015). These include focusing on "units of service" and/or outputs, rather than people's wellbeing outcomes; having multiple contracts for a single service to accommodate different sources of funding; funding that is inadequate to address the scale of need and is too short term; and accountability arrangements that do not incentivise responsiveness to people receiving assistance.

Transactional contracting approaches undervalue the importance of building trusted relationships and taking time to understand the needs of individuals and whānau experiencing persistent disadvantage. These approaches discourage flexibility, which makes it hard for providers to respond to people's needs, and difficult to invest in provider resilience. This is a particular problem where providers are staffed by people who "often come from the same communities as those they are working with" and who "may be putting personal networks, relationships and themselves on the line to help others" (Fry, 2022, p. 21).

Although there are some case study examples, such as the healthy homes prototype (The Southern Initiative & The Auckland Co-Design Lab, 2019), that demonstrate more effective ways of working and learning together, these approaches are not yet widespread.

Transactional approaches also contribute to a pseudo-accountability trap (see Box 13), where superficially robust (and often highly burdensome) reporting requirements obscure assistance that appears to be cost effective based on conventional assessments, is failing to address what matters and makes a difference to whānau.

Box 13 **Impact – the pseudo-accountability trap**

Aotearoa New Zealand's strong emphasis on protecting against abuse of power, coupled with a lack of focus on improving the lives of people experiencing persistent disadvantage, creates a false sense of accountability focused more on performative requirements and punishment than learning.

Describing his experience in reviewing one aspect of the Aotearoa New Zealand accountability regime – statements of intent – Scott, a former Secretary to the Treasury said:

> *Shoddy statements of intent indicate that boards, senior management, ministers and select committees do not care too much about them. There is something astray in their incentives if such entities do not have sound statements of intent. If a key accountability document is so disregarded for accountability purposes, this indicates an underground accountability system. Something else matters to ministers, select committees, boards and management – something more akin to performance in a political, rather than business, sense, I would suspect. (2001, pp. 300–301)*

In a submission to this inquiry, David King described the moral failure of ministers, senior public servants and voters to care enough to hold themselves accountable for addressing persistent disadvantage, even though public servants in particular, "notwithstanding all the challenges, knew full well the issues were not being addressed and, if they had wished to, could have addressed them" (sub. DR155, p. 3).

This pseudo-accountability trap means the appearance of doing something is often more important than the reality. As a result, wasteful and counterproductive practices – such as delivering unsuitable standardised services to people experiencing persistent disadvantage – continue, and individuals, whānau and communities experiencing disadvantage, along with wider society, bear the burdens that ministers and the public service fail to carry (Wilson & Fry, 2023).

A number of innovative approaches have sought to make progress on these issues since 2015. For example, the Social Sector Commissioning Action Plan recently agreed by Cabinet recommends moving to an accountability model focused more on shared assurance. This will involve clearly expressing, recognising and fulfilling the accountabilities of all parties involved in the commissioning process. The expectation is that this will support a high-trust operating environment among the key actors; ensure quality assurance focuses on what matters to individuals, families, whānau, and communities; enable ongoing improvement; and support accountabilities that are proportionate to the size, scale and risk of the endeavour being commissioned (Ministry of Social Development, 2022a, p. 25).

The issues relating to narrow, transactional contracting are well known, and the responses being led by the Social Sector Commissioning team are expected to make a difference. However, our assessment is that existing accountability settings will continue to constrain their efforts.

A lack of investment in infrastructure constrains collaboration

As discussed in Chapter 2, there are protective factors that enable wellbeing and can help break the cycle of persistent disadvantage. These include social connection, social capital, and a sense of identity and belonging to a particular place. Investing in supporting these factors in ways that are whānau- and community-led – for example by supporting investment into existing social and cultural infrastructure, in addition to services delivered by government or non-governmental organisations – is critical to addressing the impacts of colonisation. This is especially important since many of the activities that redress power imbalances and provide healing and strengthening sit outside formal services (Hagen et al., 2021b).

To enable whānau-centred and locally led shifts to address persistent disadvantage, the public management system needs to operate differently. The PBIs, and other centrally enabled, whānau-centred and locally led approaches like Whānau Ora, enable changes to the whole public management system to be tested – sometimes in a particular place, and sometimes nationally. These initiatives provide a "microcosm" for testing, learning and adapting; building a learning system; and shifting the settings and mindsets that underpin the public management system.

Effective whānau-centred and locally led approaches need to be centrally enabled by national-level policy, and investment decisions based on what matters most to individuals, families, whānau, and communities. This shift must be underpinned by investment in infrastructure that can support collective action towards shared goals and ongoing learning at a local and regional level.

However, in many cases, the "backbone" functions (see Box 14) required to facilitate this are under-resourced or absent. Backbone functions can be provided by an NGO or collectively funded by (or sometimes housed within) central and/or local government. These functions need to be supported by a governance board with decision-making rights, developed in partnership with central government agencies.

Box 14 **"Backbone" functions**

"Backbone" functions provide "umbrella" support to locally led, whānau-centred approaches, including core operational functions such as project management, data collection and reporting. They support "learning by doing" through gathering and distilling insights and evidence, escalating barriers to the "centre", and working with systems change coaches. Chapter 6 discusses how backbone organisations (or organisations that provide backbone functions) could play a role in strengthening learning across the public management system.

An example is provided by Manaaki Tairāwhiti. Manaaki Tairāwhiti has both a backbone function, Te Rito (which provides core project management, data collection and reporting capabilities), and a governance board made up of local iwi, local government and social sector and central government agency representatives.

If appropriately resourced, backbone functions can enable greater responsiveness when unanticipated needs emerge and can facilitate more rapid scaling of approaches that have proven effective in other locations.

Driving transformational change will require rebalancing power, embedding a new set of values, and evolving more effective ways of working together, supported by stronger backbone infrastructure and effective mutual accountability arrangements.

Finding 12

The gaps in the accountability system arise from the interplay of features that strongly incentivise certain ways of working. These features include:

- siloed decision making and vertical accountability limiting collective action on complex issues;
- narrow, transactional contracting approaches, curtailing responsiveness to needs and the ability to adapt to changing contexts;
- entrenched risk aversion working against innovation and learning; and
- a lack of investment in the necessary infrastructure constraining collaboration.

How to ensure our accountability settings are fit for purpose

The challenge before us is to reshape the public accountability system so it encourages and supports organisations (within and outside central and local government) and communities to work together to break the cycle of persistent disadvantage, and to address other complex long-term issues. This includes giving a greater voice to people and communities experiencing persistent disadvantage, as well as reconfiguring public accountability settings to ensure the public management system is more accountable to the people it serves. Some of our recommendations can be progressed immediately, but others will take longer to move forward.

The first set of recommendations in this section involves ensuring our overall accountability settings are fit for purpose. We recommend undertaking a first-principles review of accountability settings, building on existing work; progressing more immediate public accountability policy work; and introducing legislation that imposes stronger accountability on ministers for addressing persistent disadvantage.

Commission an independent, first-principles review of accountability settings, building on existing work

Public accountability settings in Aotearoa New Zealand have not been updated to reflect changing values and priorities, or the emergence of better ways of addressing complex problems including persistent disadvantage. These settings need to be reshaped to give greater voice and agency to people experiencing persistent disadvantage; make the public management system more accountable to them, and the wider Aotearoa New Zealand population; and support organisations and communities to work together to better address these issues.

A particularly glaring gap is the absence of consideration of te Tiriti in the context of accountability settings (Haemata Limited, 2022). At the very least, Māori views and notions of accountability should

be given stronger weight when designing these settings; more significantly, Tiriti partners should work alongside the Crown in undertaking the first-principles review of accountability settings we propose below. Specific mechanisms will be needed to ensure whānau, iwi and communities are actively involved in accountability and learning processes.

We recommend the Government commission a comprehensive first-principles review of public accountability settings, building on this report and the reports by the Office of the Auditor-General, the Parliamentary Commissioner for the Environment and others (Controller and Auditor-General, 2019, 2021a, 2021e; Haemata Limited, 2022b; Parliamentary Commissioner for the Environment, 2021, 2022). This review should be undertaken by an external taskforce or ministerial review group.

Although we do not attempt to provide a full terms of reference for such a review here, as a starting point, we recommend that the aim should be to develop a more responsive, relevant, and accessible public accountability system that builds trust and shares power – particularly with people experiencing persistent disadvantage who are not well served by the current settings. This should clarify who is accountable to whom, what they are accountable for and why, what information is needed, the mechanisms for providing information, and appropriate remedies if accountability is not upheld.

Working with Tiriti partners and engaging with a wide cross-section of society, this review should examine:

- how best to honour and give effect to te Tiriti through public accountability settings;
- how best to support a focus on wider wellbeing and better account for long-term, intergenerational priorities;
- how to reflect more diverse values and worldviews of accountability relationships, including te ao Māori values;
- how to develop more meaningful relationships and allow greater participation in governance and accountability mechanisms – particularly between people experiencing persistent disadvantage, their whānau, iwi and communities, Māori as Tiriti partners, ministers, Parliament, central and local government, funders and providers;
- what the public sector should be accountable for;
- in conjunction with the work programme laid out below, how accountability settings at different levels of the public management system need to work – in particular, to support centrally enabled, locally led and whānau-centred approaches to addressing persistent disadvantage; when commissioning social services from third parties; or to enable connected and integrated delivery that crosses agency silos;
- what system leadership function is suitable to advise government on accountability as a system setting and lead implementation of any agreed changes;
- how to implement stewardship responsibilities for accountability and its ongoing development throughout the public management system;
- the relationship between public sector performance management and accountability, including what information, reporting or mechanisms are needed to facilitate public accountability and confidence and to whom;
- how the public accountability system can be better supported by other elements of the public management system – for instance, by strengthening the degree to which our public finance accounting system is able to track expenditure against wellbeing outcomes of interest to the public and decision makers (see chapter 4); and
- how to enable and support an accountable and effective learning system.

Consideration of whether there are aspects of the current accountability approach that add little value, and which of these should be reformed or removed would also be in scope.

Progress more immediate public accountability policy work

Our recommendation for a first-principles review reflects our view that public accountability has been significantly under-emphasised as a policy issue in Aotearoa New Zealand, despite the extensive programme of well-argued research undertaken by the Office of the Auditor-General.

Although an independent review will take time to commission and deliver findings, it is imperative that more policy resource is put towards this critical public management issue. As noted by NZIER in the report commissioned for this inquiry, "[f]or people experiencing persistent disadvantage, the consequences of accountability failures are serious and need to be addressed now" (Wilson & Fry, 2023, p. 88). Given the extent to which public accountability settings in Aotearoa New Zealand are now out of alignment with evolving values, frameworks and policy priorities, a parallel process to address more immediate public accountability policy issues is required.

To address more immediate concerns with accountability settings, the Government should significantly strengthen policy work in this area, by commissioning Treasury, along with Tiriti and local partners, to lead a cross-agency policy work programme on public accountability. This programme would also include drawing up the terms of reference for the independent review.

Policy issues raised with us that could be in scope for this work programme include:

- incorporating more diverse and collective views of accountability into our policy settings, drawing on He Ara Waiora and the advice provided by Haemata Limited (2022b) to the Office of the Auditor-General on Māori perspectives on accountability;
- strengthening the role that Independent Crown Agencies and Officers of Parliament (such as the Human Rights Commission, the Office of the Auditor-General, and the Productivity Commission) have as part of the public accountability ecosystem;
- increasing resourcing for parliamentary select committees to strengthen their role as a key forum for public accountability; and
- evaluating or otherwise examining the degree to which the collective accountability arrangements for Interdepartmental Executive Boards are working as intended, and recommending change as needed.

Policy work on accountability settings will also be needed to support centrally enabled, locally led and whānau-centred approaches to addressing persistent disadvantage, and to create mechanisms for two-way accountability between central government and communities.

Following the precedent established by the recent follow-on review (2023) of our 2021 *New Zealand Firms: Reaching for the frontier* inquiry, we also recommend resourcing the Productivity Commission to undertake a follow-up review to this inquiry within three years. The purpose of the follow-up review would be to to determine if Aotearoa New Zealand is making progress towards reducing persistent disadvantage, or whether more radical change is needed.

Recommendation 10

Commission a first-principles review of public accountability
The Government, with Tiriti partners, should commission an independent, first-principles review of public accountability settings. This review should consider the nature of the relationship between the public, Parliament, and central and local government, and the principles and settings that would best support those relationships, underpin long-term wellbeing, and ensure effective shared accountability.

The objective of the review should be to develop a more responsive, relevant, and accessible public accountability system that builds trust and empowers people – particularly those experiencing persistent disadvantage, who are not well served by current accountability settings. It should clarify who is accountable to whom, what they are accountable for and why, what information is needed, the mechanisms for providing information, and appropriate remedies if accountability is not upheld.

Recommendation 11

Progress more immediate public accountability policy work
The Government should progress more immediate public accountability policy work by commissioning Treasury, along with Tiriti and local partners, to lead a cross-agency policy work programme on public accountability. This programme would also include drawing up the terms of reference for the independent review outlined in Recommendation 10. The scope for this work programme could include:

- incorporating more diverse and collective views of accountability into our policy settings, building on He Ara Waiora and the advice provided by Haemata Limited (2022b) to the Office of the Auditor-General on Māori perspectives on accountability;
- strengthening the role that Independent Crown Agencies and Officers of Parliament (such as the Human Rights Commission, the Office of the Auditor-General, and the Productivity Commission) have as part of the public accountability ecosystem to better align with the Public Finance Act 1989 and the Public Services Act 2020;
- increasing resourcing for parliamentary select committees as a key forum for public accountability;
- evaluating the degree to which the collective accountability arrangements for Interdepartmental Executive Boards are working as intended, and recommending change as needed.

Recommendation 12

Instruct the Productivity Commission to undertake a follow-up review
The Government should instruct and resource the Productivity Commission to undertake a follow-up review of progress on the recommendations of this inquiry within three years, to determine whether Aotearoa New Zealand is making progress towards reducing persistent disadvantage, or if more radical change is needed.

Introduce legislation that imposes stronger accountability on ministers for addressing persistent disadvantage

Stronger direct accountabilities are needed to activate the Crown's duty of care to people experiencing persistent disadvantage. Given the concentration of power in the hands of the Executive branch of Government, it is likely that legislative solutions will be required to effectively counterbalance this.

As discussed in Chapter 4, and in our interim report, "[we] should view support as grounded in human rights, not who 'deserves' it, and we should see that addressing inequities ultimately benefits all of us" (NZPC, 2022a, p. 83). Recommendation 8, which is intended to support this approach, requires Treasury – in consultation with other government agencies, representatives of people experiencing persistent disadvantage, and the public – to develop and maintain levels of both material and non-material wellbeing necessary for social inclusion. The discussion that follows sets out our recommended mechanism for enabling accountability for establishing a social floor, including setting out monitoring and reporting requirements.

The existing Child Poverty Reduction Act 2018 provides a positive example to follow. It has focused ministerial and agency attention on a part of the population that disproportionately experiences disadvantage – children and young people – and attempts to intervene before it persists (Ardern, 2018).

Although we commend work under the Act, ultimately the wellbeing of children cannot meaningfully be separated from the wellbeing of their families and communities (Berentson-Shaw, 2018; Prickett et al., 2022b). There are also individuals, families, and whānau without children who experience persistent disadvantage.

Accordingly, to ensure others are not left behind, we recommend introducing a broader-coverage Social Inclusion Act which requires the government of the day to state its short- and long-term objectives towards reducing persistent disadvantage in measurable terms and explain how it proposes to meet those objectives. This would complement the key Child Poverty Reduction Act provisions in a wider whānau and community context and should strengthen and enhance the effectiveness of the existing provisions.

The purpose of the Social Inclusion Act should be to achieve a significant and sustained reduction in persistent disadvantage across all population groups and, by encouraging a greater focus on solutions across government and society, improve the wellbeing of people experiencing persistent disadvantage through:

- providing transparent and robust reporting on the levels and persistence of disadvantage in Aotearoa New Zealand;
- ensuring a greater commitment to action on the part of current and future governments;
- requiring governments to be held accountable for the results they achieve for individuals, families, whānau and communities experiencing persistent disadvantage; and
- monitoring and reporting on the extent to which the baseline social floor set out in Recommendation 8 is achieved.

We note that, apart from the indicators used for monitoring child poverty, indicators required to support the broader view of wellbeing in the proposed Social Inclusion Act are not currently mature or robust. The Living in Aotearoa survey (see Chapter 6) will offer a partial solution, providing six years' data for each surveyed group, but this will not reflect the entire lifecycle or intergenerational impacts of persistent disadvantage on wellbeing. The analytical work that underpins this inquiry report was drawn from currently available data and would not necessarily be suitable to build on for further development of indicators under the Social Inclusion Act. We anticipate that development of these indicators will require concerted research, measurement and monitoring involving Statistics NZ, Treasury, and the Ministry of Social Development, similar to the process that occurred when developing specific indicators for the Child Poverty Reduction Act.

Agencies providing transparent and robust reporting on the levels and persistence of disadvantage in Aotearoa New Zealand is important. However, as we discuss further in Chapter 6, the ability for the people most affected to have an independent voice in assessing and reporting progress towards improving outcomes is equally critical.

In addition to the supports for learning systems we propose in Chapter 6, we recommend that the Social Inclusion Act mandate and resource a group, comprising people experiencing persistent disadvantage and their representatives, to report to Parliament on whether the Government is addressing identified issues and system barriers. This could operate in a similar way to the Convention Coalition Monitoring Group, a coalition of disabled-person-led organisations that has the power to report on how Aotearoa New Zealand is implementing the United Nations Convention on the Rights of Persons with Disabilities (Office for Disability Issues, 2019). The group could also function as a governance group representing people involved in or impacted by the social sector that will guide, promote and protect system transformation.

In developing the Social Inclusion Act, we recommend the Government learns from the experience of the Child and Youth Wellbeing Strategy when it comes to taking a partnership approach, centring the voices of people impacted, and avoiding perpetuating or reinforcing current power imbalances. Of particular note is the conclusion of the review of the Strategy that "central government must shift how it works with iwi/Māori and communities at different levels to achieve the outcomes in the Strategy", moving from consulting and collaborating to more partnership-based and empowered "whānau-centred, community-led and centrally-enabled approaches" (Department of Prime Minister and Cabinet, 2022, p. 2).

As with the proposed Wellbeing for Future Generations Act set out in Chapter 4, which seeks to ensure the Government of the day is accountable to future generations, the Social Inclusion Act would take an anticipatory, strengths-based approach to improving wellbeing over time through ongoing learning.

Legislative policy analysis should consider suitable machinery of government arrangements for administering the Act.

Recommendation 13

Introduce a Social Inclusion Act
The Government should introduce a Social Inclusion Act alongside, and complementary to, the Child Poverty Reduction Act 2018. The primary purpose of the Social Inclusion Act would be to require the Government of the day to state its short- and long-term objectives towards reducing persistent disadvantage in measurable terms, and to explain how it proposes to meet those objectives (see also Recommendation 8).

Support more locally led, whānau-centred and centrally enabled ways of working

The second set of recommendations are aimed at ensuring our public management system supports more locally led, whānau-centred and centrally enabled ways of working. These recommend a programme of policy work to consider the degree to which accountability settings constrain this approach, to develop guidance on when devolved approaches are appropriate and identify the "core ingredients" or eligibility criteria for an expanded network of locally led initiatives. Although there is an opportunity to build on existing infrastructure supporting whānau-centred and locally led ways of working, we also recommend determining a central steward for this ecosystem of initiatives and providing them with a strong mandate to adopt a system-wide approach to improving wellbeing.

In our interim report, we highlighted the effectiveness of devolving services to trusted providers embedded in their local communities (NZPC, 2022a).[37] We also found there was inadequate support for this model across government, and there are gaps in the policy and accountability settings needed to enable and sustain them.

To more effectively address persistent disadvantage and honour rights to rangatiratanga under te Tiriti, the Government needs to support the development of a well-stewarded, securely funded national ecosystem of locally led, whānau-centred and centrally enabled initiatives. This will require "backbone" support to enable a public management system that can create the upstream conditions for wellbeing and better support the autonomy of people to make changes in their lives.[38]

Taking a learning approach is a critical enabler of such an approach. Our recommendations for a learning system to support the public management system to shift toward locally led, whānau-centred and centrally enabled ways of working are outlined in Chapter 6.

Central government needs to provide leadership and stewardship

The recommendations we make in this report acknowledge and build on existing initiatives, including work being undertaken by Te Puni Kōkiri to advise the Government on whānau-centred approaches, the Oranga Tamariki Action Plan, the roll-out of Enabling Good Lives, the updated

37 Devolution is normally achieved by way of a contract between a central funder and a local commissioning agency or individual provider. The terms of the contract will determine the degree of devolution. Devolution involves more local autonomy than a delegation of powers, where the parameters of assistance are set centrally, but individual decisions (for example, about whether a person is eligible) are made by someone employed outside government. We note that in some contexts "devolution" has been used as code for "privatisation". That is not what is intended here.

38 For the avoidance of doubt, these initiatives and institutions should not prevent iwi/hapū from providing support to any of their members experiencing disadvantage, wherever in the motu they happen to be living. A place-based approach is not always needed.

Social Sector Commissioning model, the prevention and strengthening of policy work occurring in relation to Te Aorerekura – National Strategy to Eliminate Family Violence and Sexual Violence, and the Child and Youth Wellbeing Strategy. All of these have a focus on whānau-centred approaches to improving wellbeing and devolving direction setting and decision making to local communities.

However, efforts across government are piecemeal and not fully coordinated, which limits the potential effectiveness of locally led, whānau-centred initiatives and leaves them vulnerable. For example, despite their potential, PBIs have unstable funding arrangements and only operate in two locations (see Box 12). Similarly, the Auditor-General has expressed concerns about the extent to which agencies adapt their funding, contracting, and reporting requirements to enable whānau-centred ways of working (Controller and Auditor-General, 2023, p. 3). Central government needs to take a stronger role to build enduring support for these initiatives.

We recommend that the Government establishes a collaborative process to undertake a programme of policy work, led by the Social Wellbeing Agency and Te Puni Kōkiri, to support initiatives that span agency and appropriation silos and give effect to locally led, whānau-centred ways of working. As detailed in Recommendation 14, this work will necessitate additional resourcing for lead agencies, and it will require:

- mandating a central steward;
- appointing a lead agency;
- developing and resourcing effective "backbone" support;
- developing monitoring, evaluation and learning approaches;
- introducing eligibility and accountability settings, and clarifying decision rights;
- committing to long-term funding; and
- dovetailing with other system transformation efforts.

Given their existing policy role on behalf of the large number of agencies represented on the Social Wellbeing Board, the Social Wellbeing Agency – together with Te Puni Kōkiri, which already has a mandate to support the adoption of whānau-centred approaches across government – would be well placed to convene a collaborative process with key stakeholders (including iwi, hapū and those deeply connected in locally led ways of working and implementation) to take forward this programme of policy work. We anticipate additional resourcing would be needed for these agencies to convene the policy programme laid out above.

Central government should act as an enabler, funder and provider of key infrastructural support

Although autonomous front-line organisations and supporting backbone institutions will take the lead in identifying what support they might need from central support functions, the Government should act as an enabler, funder and provider of key infrastructural supports to enable locally led approaches to work as effectively as possible. Key central government roles will include:

- ensuring adequate long-term funding and accountability arrangements that ensure decision rights granted to non-public sector organisations are viewed as legitimate and bring decision making closer to whānau (see the Establish a government-wide learning policy section in Chapter 6);
- giving space and time to locally led approaches, acknowledging that investment in relationships and fundamentally different ways of working takes time, and such investment is needed to truly shift the dial on persistent disadvantage;
- removing system-level obstacles via national policy, process, legislative and/or funding changes, so central policy and commissioning can benefit from the collective intelligence of communities;

- creating opportunities for a wider diversity of perspectives to inform policy, strategy and commissioning by the centre, in particular drawing on intelligence generated through whānau and communities;
- capturing insights and evidence of what works on the ground, sharing these across the system, and ensuring accountability for achieving change;
- providing back-office tools like financial and technology support; and
- supporting workforce development.

In seeking to provide greater support for devolved public services, our intention is for the Government to focus on organisations with the potential to build trusted relationships with people experiencing persistent disadvantage, and to deliver bespoke services that better meet their needs. Devolution should not lead to providers "cherry-picking" people who are easiest to help, buck passing, or cost cutting by central government. Indeed, it is likely that devolved social services, particularly initially, will require additional strategic thought and investment.

National leadership, support and investment will be essential to ensure adequate backbone support in different locations – particularly in communities experiencing greater levels of persistent disadvantage. Common goals, entities with overlapping governance, and shared learning are needed to support the coherence, responsiveness and resilience of wellbeing approaches in communities and to avoid unintentional duplication and inefficiencies (Carlisle & Gruby, 2019). Intentionally building additional capacity, contingency capability and service variation will be necessary to ensure sufficient coverage (Wilson & Fry, 2023, p. 29).

Allocation of decision-making rights is critical

As mentioned in the list of items to consider as part of the policy programme to support locally led, whānau-centred initiatives (see Recommendation 14), one important task is to introduce eligibility and accountability settings and clarify decision rights to ensure public funds are used appropriately but do not excessively constrain the cross-cutting nature of these approaches.

Each local backbone organisation would need a governance board, and decision-making rights for these boards would be based on guidelines set in partnership with central government agencies (see Box 15).

To ensure legitimacy, the allocation of decision-making rights will need to be considered and agreed by everyone involved, including central government agencies and people experiencing persistent disadvantage, particularly if decision rights are granted to non-public sector organisations. Deep and genuine engagement will be needed to understand and address the underlying barriers to effective collective action. The work already underway in relation to Social Sector Commissioning provides a useful starting point.

To maximise effectiveness and reduce risk, we recommend that the development of eligibility criteria should draw on the characteristics of successful devolved initiatives identified in earlier work (Controller and Auditor-General, 2023; Fry, 2022; Litmus Partner, 2021; Ministry of Social Development, 2020; NZPC, 2015a). These criteria could include requiring eligible institutions to demonstrate:

- a clear sense of the population being served, with a commitment to serve all in the locality or population of interest according to need;
- strong leadership and a common vision and purpose and outcomes framework that has been agreed by local leaders with the mana to achieve buy-in to the agreed direction;

- a comprehensive and fit for purpose measurement framework;
- a focus on building trusted relationships across the system, and across sectors, to understand the full range of needs individuals, families, whānau, and communities are facing;
- adopting a strengths-based approach that partners with people experiencing persistent disadvantage to identify what they want to change in their lives, and supports them to become self-managing;
- a clear strategy to provide help to "navigate" access to existing services, identify where there are gaps in the assistance provided, and respond to those gaps; and
- robust accountability to the people they are seeking to assist, including via appropriate endorsement that they authentically engage with and are accountable to their respective communities.

Recommendation 14

Commission a programme to support locally led, whānau-centred and centrally enabled initiatives

The Government should commission a programme of policy work – led by the Social Wellbeing Agency and Te Puni Kōkiri on behalf of the Social Wellbeing Board – aimed at enabling and sustaining more locally led, whānau-centred initiatives that directly support people's autonomy to make changes in their lives. This work, which should be in collaboration with community partners, will require resourcing for both agencies and community partners and should develop proposals which include:

- mandating a central steward to oversee and guide the national ecosystem of locally led, whānau-centred initiatives, and to support two-way accountability between communities and the central government;
- appointing a lead agency responsible for convening central government agencies and working with key stakeholders across the motu to drive a whole-of-government approach to policy work on locally led, whānau-centred and centrally enabled approaches to improving wellbeing and breaking the cycle of persistent disadvantage;
- developing and resourcing effective "backbone" support so that core project management, data collection and reporting capabilities are available to each initiative, and they are able to embed ongoing learning (see Chapter 6);
- developing monitoring, evaluation and learning approaches that are proportionate to the quantum of funding and risk involved and connected into a wider learning system;
- introducing eligibility and accountability settings and clarifying decision rights to ensure public funds are used appropriately, but do not excessively constrain the cross-cutting nature of locally led, whānau-centred approaches. Such eligibility criteria would include appropriate endorsement that eligible organisations authentically engage with and are accountable to their respective communities and, in particular, those people in their communities experiencing persistent disadvantage;
- committing to long-term funding, provided ongoing effectiveness and/or improvement can be demonstrated; and
- dovetailing with other system transformation efforts such as Social Sector Commissioning to provide opportunities for testing and learning what works.

Existing nationally led work programmes need to dovetail with or complement these proposals

The relationship between the centrally set wellbeing objectives (established under Recommendation 4) and locally led initiatives and institutions will need to be considered, to ensure they work together to enable a coherent and integrated public management system. We envisage high-level objectives will be set with input from local actors, and specified at a level of detail so they can guide local actions and accommodate local variation.

We support the recommendations made by the Controller and Auditor-General (2023) aimed at improving how public organisations support Whānau Ora and whānau-centred approaches, and these should be considered alongside the recommendations of this inquiry.

We also support the ongoing roll-out of Enabling Good Lives for people with disabilities. However, we note this approach primarily focuses on individuals, and we recommend that consideration be given to adopting more whānau-centred approaches in future.

We endorse the intent of the Social Sector Commissioning Action Plan – to address the centralised power imbalances in the public management system by making the commissioning of services more collaborative between funders and providers and more focused on shared assurance.

Finally, we recommend formalising the mandate for the cross-government functional leadership of commissioning practice under the provisions of the Public Service Act 2020, to bring this into line with other areas or functions that already have system or functional leads. This will require establishing relational commissioning as a core public role, embedding it into the wider public management system, and lifting the quality of commissioning across the board over time.

Recommendation 15

Strengthen social sector commissioning
The Government should strengthen the mandate, or establish a functional leadership role, for social sector commissioning across government under the provisions of the Public Service Act 2020. We endorse the Social Sector Commissioning Action Plan to address the centralised power imbalances in the public management system by making the commissioning of services and flow of resources into communities more collaborative between funders and providers.

Chapter 6

Enable a public management system that learns and empowers community voice

This chapter describes the importance and potential of building a public management system that learns and engages communities to achieve meaningful outcomes in our approach to persistent disadvantage. We outline the role of a public management system that learns, and summarise the overall limitations with the current approach to learning in the public management system. We describe how a public management system that learns effectively will support the shifts in principles needed to achieve wellbeing for all in Aotearoa New Zealand (see Table 4 in Chapter 3), outlining why it is essential to support a locally led, whānau-centred and centrally enabled approach (see Chapter 5), before setting out our recommendations.

A public management system that learns

The final shift we discuss is the well-known, but still unaddressed, need for a step-change in how the Aotearoa New Zealand public sector uses evidence and learns. Learning is particularly important for tackling complex public policy problems such as persistent disadvantage, because "[w]hat worked for one person may not work for another. What worked in one place in one time may not work in other places. What worked at one time may stop working as the context changes" (Lowe & Plimmer, 2019, p. 15).

Learning is also closely related to notions of accountability. As discussed in the previous chapter, current accountability settings in Aotearoa New Zealand strongly incentivise being seen to take action ("pseudo accountability") and avoiding failure, and they downplay the importance of learning (Wilson & Fry, 2023). A learning system can support two-way learning and accountability between the public management system and communities in addressing persistent disadvantage.

We set out the need to actively centre the needs of individuals, families, whānau, and communities as part of learning approaches, and we provide several examples of organisations approaching learning in this way. Because these examples are currently piecemeal and ad hoc, and not adequately supported by the centre, we have identified several pieces of learning system "infrastructure", such as collective learning mechanisms and governance arrangements, needed to support learning on the ground. These aspects fulfil the "locally led, whānau-centred" part of the equation.

At the same time, we have examined opportunities to strengthen the "centrally enabled" part of the learning system. This examination sets out the need for the public sector to take learning seriously, through the establishment of a dedicated leadership and stewardship function for learning, investment in the learning system workforce and data infrastructure, and through exploring a centre of excellence model to enable collective knowledge generation and to ensure programmes remain meaningful.

Current approaches to learning are not sufficient to drive improvement

Analysis commissioned for this inquiry found learning in the public management system tended to be ad hoc and concentrated within central government agencies (FrankAdvice, 2023). Learning is often ad hoc, because the system does not collect the performance information it needs due to a lack of demand for monitoring, evaluation, research and learning, as well as a lack of capability. When learning does take place, it often occurs at the agency level, far from the people doing the work. Evaluations can happen long after an actual intervention, so the people doing the work do not have timely access to the information they need to learn and improve.

In addition, current learning approaches are often focused on discrete policies or initiatives, rather than taking a systems approach to support collective change by building new capabilities and ways of working.

To break the cycle of persistent disadvantage, the public management system needs to work differently, to:

- generate, synthesise and share what it is learning across the system (with policies and mechanisms in place to ensure this happens and that what is being learned is acted on);
- include diverse views and perspectives to bring decision making closer to those experiencing persistent disadvantage, by engaging with people who are affected by government decisions, so they have input into shaping those decisions, as well as judging the impacts; and
- support policymakers to take action now and in the future, to improve the lives of people experiencing persistent disadvantage, and to take an intergenerational lens, which includes ensuring the impacts of decisions over time are evaluated (FrankAdvice, 2023, pp. 6–7).

Finding 13

Learning in the public management system tends to be ad hoc and concentrated within central government agencies. The system does not collect the performance information it needs, due to a lack of demand for monitoring, evaluation, research and learning, as well as a lack of capability.

When learning does take place, it often occurs at the agency level, far from the people doing the work, and long after an actual intervention. This means the people doing the work do not have timely access to the information they need to learn and improve.

Building a learning system that supports the critical shifts the public management system needs

As Lowe and Hesselgreaves (2021) note, "public service in complex environments is not a process of implementing a programme which has been shown to 'work' in other places. Instead, public service is a process of continuous, ongoing learning. It is everyone's job to learn, all the time, at whatever scale of public service system they work" (Lowe & Hesselgreaves, 2021, pp. 56–57). Therefore, a key strategy should be to "enable that learning to happen effectively" (ibid., p. 57).

The public management system needs to be connected to what is happening on the ground; it needs to receive real-time feedback about what matters for individuals, families, whānau, and communities, what changes are needed, and whether the support they receive is helping them. A learning system centred around individuals, families, whānau, and communities can help incorporate the values of He Ara Waiora that we recommend need to be embedded in the public management system.

Learning needs to be locally led, whānau-centred and centrally enabled

In Chapter 5, we recommended that, to effectively address persistent disadvantage and honour rights to rangatiratanga under te Tiriti o Waitangi, the Government needs to support the development of locally led, whānau-centred and centrally enabled initiatives (Recommendation 14).

The Southern Initiative and the Auckland Co-design Lab, in a report for the Child Wellbeing and Poverty Reduction Group in the Department of the Prime Minister and Cabinet (DPMC), stated there is a mandate to shift in this direction, "but from our experience agencies are still grappling with the how (The Southern Initiative & Auckland Co-design Lab, 2022, p. 2).

The learning system has a critical role to play here. It can help to shift the beliefs, values and assumptions needed to support system change, alongside more structural changes in relationships, power dynamics, and the rules and norms covered by earlier recommendations in this report.

However, just strengthening the current ad hoc approaches to learning will not be sufficient – the learning system also needs to evolve.

The learning system is part of the infrastructure needed to support the way of working outlined in Chapter 5. Learning by doing in the community is needed to understand what it will take to effect change, and working at the national level, to bring together policy, practice and investments to make change happen. Learning helps to prioritise wellbeing, by supporting the system to be more responsive to the needs of individuals, families, whānau, and communities, broadening the values of the system, integrating learning and innovation, and prioritising the voices of people experiencing disadvantage (see the principles set out in Table 4, Chapter 3).

An ongoing focus on learning by doing and real-time feedback

In addition to expressing concerns about the failure of the public management system to collect performance information, our *More Effective Social Services* inquiry endorsed the need for more real-time information and evaluation so commissioning organisations and providers of social services "…could respond to trends promptly and so achieve significant improvements in efficiency and effectiveness" (NZPC, 2015a, p. 198). This inquiry found that in standard evaluation models, considerable time often elapses before evaluation influences commissioning, contracting and operational decisions.

Most of the learning and experimentation that already happens in the public management system is treated as a discrete event. Research is undertaken to find the answer to a social problem, and a potential solution is piloted. When piloting is complete, the system assumes it knows what works and what will work for other communities. Learning as a distinct phase – such as when designing a new policy or programme – is not effective when dealing with the lived reality of how services and policies interact in the context of people's lives and in specific places (Lowe & Plimmer, 2019). Improvement comes from an ongoing process of learning and adaptation, not from one-off innovation efforts. This does not mean we should stop longer-term studies that carefully evaluate the full impact of policies and services. Rather, we need to complement them with more real-time information to quickly identify what is working to address persistent disadvantage, and what is needed to enable more of this to happen.

Detailed, real-time learning and feedback can also be used to provide assurance to ministers and funders that a particular approach is working, by demonstrating the system is responsive (while ensuring they are aware change often takes place over a much longer period). It can support decision makers to deepen their understanding of what it takes to break the cycle of persistent disadvantage.

Learning needs to happen at all levels of the public management system

FrankAdvice conclude that it helps the public management system:

> *… to transform the ways in which it works to address persistent disadvantage … the learning system itself must transform – ie, it must actually act as a system, rather than continue to act as isolated components, with gaps between those components. It should be purposefully designed, not left to chance. (2023, p. 5)*

FrankAdvice (2023) found that a functional learning system requires knowledge generation, knowledge use, leadership, accountability, and capability and capacity across and at all levels of the public management system (ibid., p. 25).

Some of these components, such as leadership and accountability, are isolated (or missing) from the current learning system, or they need strengthening. Other elements need to operate differently, such as by making knowledge generation more inclusive and empowering, to help support wellbeing in the place where individuals, families, whānau, and communities live.

Finding 14

The learning system needs to be locally led, whānau-centred and centrally enabled, like the most effective approaches to providing assistance to people in persistent disadvantage. To do this, it must:

- invest in learning by doing and understand the lived realities of individuals, families, whānau, and communities experiencing persistent disadvantage and what matters to them;
- support the system to undertake collective sense-making to learn, decide and act together at different levels; and
- include a strong leadership and stewardship function that creates a mandate for the learning system shifts required, and to support central government to enable more of what works.

A learning system can help the system focus on what matters to individuals, families, whānau, and communities

The learning system needs to start by understanding the aspirations and dreams of individuals, families, whānau, and communities, and what they need to help them make these a reality. The learning system also needs to simultaneously work across the public management system to understand how it can empower communities, institutions and agencies to use policies, regulations, investments and commissioning differently, to enable more of what works on the ground.

To support the learning system to work on the ground, the public management system needs to do the following.

- Recognise that people, families and whānau know what matters for them.
- Invest in learning how to strengthen the system at all levels.
- Actively involve people, families and whānau in innovation, learning, and policymaking.
- Measure the wellbeing impacts that matter for individuals, families, whānau and communities.

Individuals, families, whānau, and communities know what matters for them

The inquiry's interim report found that people experiencing persistent disadvantage, their families and whānau, including rangatahi, were best placed to lead on improving wellbeing and equity, and what we need to do to so "…support organisations can learn how to apply a strengths-based approach to help them achieve their aspirations" (NZPC, 2022a).

This means the system needs to start by learning about their strengths and what matters for them, rather than starting from a focus on services and deficits.

Effectively supporting people experiencing persistent disadvantage and addressing their needs requires "a level of familiarity with the detail of peoples' lives as they are lived" (Lowe & Wilson, 2017), as expressed by the people themselves. The way agencies assess people's needs often relies heavily on the agencies' pre-established view of what is required and fails to capture the detail of what individuals and whānau say they need to improve their lives. The current system also does not take into account whether services and policies may be contributing to harm or compounding inequity.

> *I've never come across anyone who's tried to get to know me as a person. (Rāhera, precariat whānau member). (Rua et al., 2019, p. 7)*

Building trusted relationships is necessary for understanding someone's aspirations, identifying their strengths, and seeing the whole person. The Whānau Ora Commissioning model provides an example of how the learning system can improve the way it gathers knowledge about people experiencing persistent disadvantage and better respond to their needs. Whānau Ora takes a preventative, strengths-based approach to understanding the needs of individuals and whānau, and it ensures that the people it is serving are involved in the decisions about what support they need. Instead of decisions being made by professionals without the input of the people they are trying to help, Whānau Ora works with whānau to determine what outcomes matter to them, then collaborates with whānau, communities and partners to achieve those outcomes, assessing progress against those outcomes as success measures (Whānau Ora Commissioning Agency, 2022).

Finding 15

An overly narrow emphasis on what the system has delivered to individuals, families, whānau, and communities (such as services) – especially when determined by proxy measures in administrative and survey data – is simplistic and can lead to stigmatising views of people and their experiences.

Invest in learning how to strengthen the system at all levels

A whānau-centred approach is not just about providing a better response for individuals, families, whānau, and communities, such as access to a programme or service. It is also about learning how to ensure all levels of the system are promoting equity, strengthening protective factors, acknowledging the need for healing to address past and present trauma, and enhancing the cultural and social infrastructure to strengthen whānau and communities. It takes time to build relationships for this to happen, which requires reliable long-term funding (see Chapter 5).

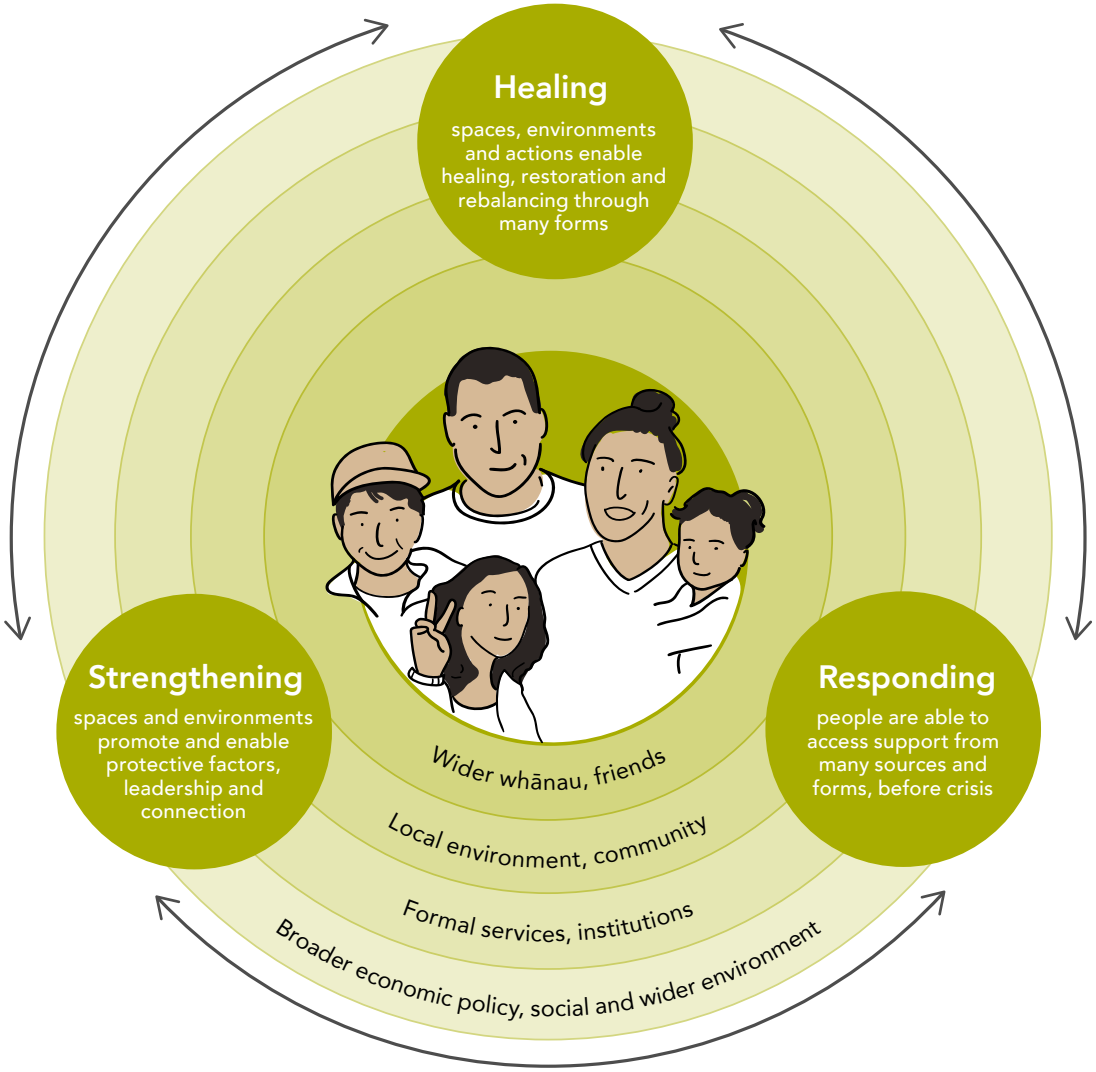
An example of how this can happen is Te Tokotoru (Unbreakable Three) described in Box 15. Te Tokotoru was developed by The Southern Initiative alongside whānau and rangatahi in South Auckland. It is a systems approach to wellbeing that requires investment in responding, healing and strengthening to support whānau wellbeing. It places emphasis on indigenous- and tangata whenua-led approaches, and the value of social and cultural infrastructure to support communities to lead their own change. Te Tokotoru promotes greater investment in opportunities to support healing and strengthening, as well as the more familiar investment in responding using services and programmes.

Te Tokotoru has informed the investment approach for Te Aorerekura – National Strategy to Eliminate Family Violence and Sexual Violence, by supporting everyone to work together to enhance safety and wellbeing (New Zealand Government, 2021b). The Te Tokotoru model is being used to change the social conditions, structures and norms that perpetuate harm. Action is focused on learning how the Government will coordinate and target responses to reduce harm sooner, and to elevate safe healing pathways, support community-led responses, and strengthen wāhine Māori leadership to support healing and overcome the trauma of violence.

Box 15 **Te Tokotoru: A systems response**

Te Tokotoru is built on practice-based evidence that:

- centralises and builds from whānau perspectives and experience;
- prioritises healing, strengthening and responding, and starts from aspiration and strengths;
- activates and recognises the potential beyond services: cultural, natural, community-led potential;
- rebalances towards tangata whenua- and indigenous-led practices; and
- recognises and engages the power of all levels and levers for influence (individual, community, environmental, structural, policy).



Source: The Auckland Co-Design Lab (Hagen et al., 2021a).

Actively involve whānau and communities in innovation, learning and policymaking

In our interim report, we found that "additional thinking is required about how our policymaking can better incorporate a system-wide and intergenerational way of viewing and analysing issues, and how policymaking can better involve those who the Government is there to serve, particularly those in persistent disadvantage" (NZPC, 2022a, p. 97 Finding 6.15). At the heart of this finding is the need to empower communities to be part of the process of developing effective public policy, including innovation and learning.

The benefits of community empowerment are set out in the Government's recently published Open Government Partnership Fourth Action Plan, which notes:

> *Effective engagement allows [people] who are affected by a decision, or interested in an issue, to be involved in policy design, development and decision making. Quality engagement helps create robust policy that reflects the values and aspirations of the community. (New Zealand Government, 2022, p. 11)*

Giving people greater voice helps to reorientate the system around the needs and aspirations of whānau to address power imbalances in the system. This includes shifting the power to individuals, families, whānau, and communities to determine the support they receive, and empowering them to participate in governance and decision-making forums. This includes providing input into what the system learns about and what evidence or knowledge gets used.

Community empowerment is not just about better engagement. It "needs to transition into 'activation' whereby those impacted by intergenerational disadvantage are supported to both participate in and lead change…" (Inspiring Communities, sub. DR126, p. 2). Community empowerment can play an important role in rebalancing power in the public management system. Communities also need to have a say in how changes intended to support improvements in their lives are determined (for example, what indicators are used and how they are designed), what matters to them, and which issues need further investigation or review.

Shift the power to individuals, families, whānau, and communities to determine the support they receive

Whānau Ora, discussed above, is one approach that shifts power to individuals, families, whānau, and communities by moving away from predetermined support to supporting them to achieve their aspirations. Another example is the new health localities being created by Te Whatu Ora (Health New Zealand) which give iwi and communities "…a strong voice in deciding what's needed in their local area; and get different health and wellbeing organisations working together better to improve people's healthcare experience" (Te Whatu Ora, 2023).

Empower communities to participate in governance and decision-making forums

There is also a need to ensure the voices of people experiencing persistent disadvantage are included in governance and decision-making forums. This includes the voices of children and young people. There are initiatives in Aotearoa New Zealand that have included a breadth of voices in determining what counts as evidence or knowledge. For example, Ngā Tohu Waiora is a set of over 500 indicators being developed as part of He Ara Waiora (McMeeking et al., 2019). The indicators were developed through an extensive wairua-based process led by Māori and supported by government to ensure the measures focus on what is important to individuals, families, whānau, and communities.

Involve communities in determining what the system learns about and how

The Disability System Transformation and the Enabling Good Lives programme (recently transferred from the Ministry of Health to Whaikaha – Ministry of Disabled People) is another example of involving the community it is trying to serve in decisions about what the system learns about and how. Through adhering to the Enabling Good Lives principles of self-determination, and being mana-enhancing and person-centred, the disability system transformation programme recognises the capability of the disability community, and the need to engage people with disabilities fully in the development of disability policy and services. The workstream involves a "strong governance and oversight role for disabled people and whānau over what is monitored and evaluated, how these activities are done, and what the information is used for" (FrankAdvice, 2023, p. 28).

Measure the wellbeing impacts that matter for individuals, families, whānau and communities

As discussed in Chapter 5, the use of narrow transactional contracting approaches often results in focusing on "units of service" or outputs, instead of wellbeing outcomes. Measuring how much assistance the system has delivered does not tell you how well services are meeting the needs of people experiencing persistent disadvantage. Nor does this approach help the public management system to improve the support it provides for individuals and their whānau. To understand what is helping people to improve their lives requires observing and documenting the performance of the social services system from a whānau perspective, which ensures that "the measures used to collect data [are] guided by what matters to whānau" (Te Puna Aonui and Manaaki Tairāwhiti, 2022, p. 10).

In their submission on the interim report, the ChangeMakers Resettlement Forum talked about the need for a broader set of information to determine success in government-funded programmes.

> *Reliance on numbers as standard measure for success and outcomes for government funded programs is insufficient… Focusing only on numbers as an indicator for success misses out other necessary information such as programme quality, social impact and community contribution. (sub. DR150, p. 5)*

The choice of indicators to monitor performance needs to enable learning (how best to provide a safe and effective service), as well as meeting accountability requirements (transparency on how funding is spent). For example, the Vanguard method distinguishes between "individual measures" and "system measures" (Vanguard Consulting, n.d., p. 35). Individual measures help show whether a service is helping individuals or whānau (for example, is the service helping people spend more time with their friends and family, find employment, or cook meals for themselves). System measures help to identify and remove obstacles that prevent delivery of assistance (for example, how much demand is coming in, how many care packages are going out, what is the cost of care packages, and how much time is it taking to provide people with the support they need).

In Aotearoa New Zealand, Manaaki Tairāwhiti (the Place-Based Initiative (PBI) discussed in Box 11 in Chapter 5) documents what whānau have said they need (individual measures) and how systems enable or prevent these needs from being met (system measures) to identify systems barriers and opportunities to improve how systems work for them. Box 12 outlines the key whānau and system measures used by Manaaki Tairāwhiti.

Table 5 Key whānau system measures used by Manaaki Tairāwhiti

Measure	Description	Whānau example
Whānau need	What whānau have said they need, maintaining the integrity of whānau voice "I need or want… because…"	"I need a ride to a retail store to get a picture taken for my photo ID because I need one to get a benefit."
Type of need	Classifying whether the need is a whānau need or a systems requirement that must be met in order to access a support or service.	The transport and benefit are whānau needs, but the photo ID for a benefit is a system requirement.
Who could act on this	Which part of the system can or should act on this need.	Support for a photo ID should fall under the Department for Internal Affairs.
Navigator response	How the Navigator supported the whānau in response to the need – that is, who did they contact, what did they do, did they provide the support themselves.	The Navigator provided transport to a retail store.
Barrier(s)	What system barriers were encountered when the Navigator was supporting whānau to meet this need.	No money or transport available from the system to get a picture taken for a photo ID.
Time taken to meet need	The end-to-end time taken for the need to be met.	1–2 days taken to meet transport need.

Note: The whānau example only describes the whānau need for transport.
Source: Adapted from Te Puna Aonui and Manaaki Tairāwhiti (2022).

The Whānau Ora Commissioning Agency has also developed a reporting framework for Ngā Tini Whetū, a whānau-centred early support pilot designed to strengthen families and improve the safety and wellbeing of children (Te Puni Kōkiri, n.d.). The framework involves measuring what matters most for whānau, as well as measuring progress against criteria that funders have identified for the pilot (Whānau Ora Commissioning Agency, 2022, p. 92).

Collecting data and drawing insights is an iterative, ongoing process. It can take time to establish what measures are needed for a learning system that is centred around whānau, as evidenced by the experience of Manaaki Tairāwhiti:

> *Collecting data and insights into how systems are working for whānau is an iterative process. As more insight into whānau voice is collected, Manaaki Coaches look at opportunities to improve what and how information is collected.*

For Manaaki Tairāwhiti, it took six years to create Urungi, a digital platform used to collect, collate and share insights into whānau voice.

Finding 16

To support the learning system to work on the ground, the public management system needs to:

- recognise that individuals, families, whānau, and communities know what matters for them;
- invest in learning how to strengthen the system at all levels;
- actively involve individuals, families, whānau and communities in the innovation and learning process; and
- measure the wellbeing impacts that matter for individuals, families, whānau, and communities.

The learning system must enable two-way learning and accountability between communities and central government

When dealing with complex problems like persistent disadvantage, no individual, organisation, agency or sector has all the levers and solutions needed to achieve a positive change. A collective approach is needed to make sense of what is being learned and what action is needed to support individuals, families, whānau, and communities. Chapter 5 describes how central government can enable a collective approach to happen – such as creating opportunities for a wider diversity of perspectives and capturing insights and evidence of what works on the ground, in order to support two-way learning and accountability.

Collectively making sense of what has been learned is a way to embed the set of values identified by He Ara Waiora and discussed in Chapter 2. For example, this approach can help create kotahitanga (unity), by bringing people together to help coordinate work by sharing data and insights and building a shared purpose. Whanaungatanga (positive relationships) can be strengthened by developing solutions together with individuals, families, whānau, and communities.

This approach also ensures that the system shares and makes use of all the information being generated. The New Zealand Council of Christian Social Services talked about the frustration of their members in collecting valuable information about the needs and experiences of the people they serve that just gets shelved, instead of being used to learn and improve.

> *Social service providers hold deep insights into the experiences of disadvantage within our communities and spend considerable time completing quantitative and qualitative reporting to inform government agencies. Our members convey frustration at the level of contractual reporting and evaluation they prepare which appears to be used to trigger further funding and then shelved, rather than leveraged for broader evaluative and monitoring purposes. This impacts trust and reflects disregard for the valuable knowledge and contribution made by the social services sector in addressing policy priorities and social concerns. (sub. DR120, p. 5)*

Similarly, Lowe and Hesselgreaves (2021) point out that the public management system already collects a vast amount of information, which means it is not necessary to start afresh each time – instead:

> *… we can draw on knowledge from other times and places. This is the approach of evidence-informed practice (as distinct from evidence-based practice or policymaking). Evidence-informed practice treats knowledge from other places as useful material to inform practitioners' ongoing learning, rather than as "best practice" to be applied, and it has similarities to forms of learning practised by indigenous Australians. (p. 64)*

To support a shift to two-way learning and accountability between communities and central government, the system needs to:

- develop collective learning mechanisms for communities and central government to collectively make sense of what is learned;
- create the right governance that includes national-level and community-level representatives; and
- build stronger connections with communities to underpin both of the above.

Collective learning mechanisms are required

Funders, providers and communities need to learn together to enable them to draw on what has been learned in the past, and to use this information to decide what they need to change to improve their current policies, initiatives or practices.

> *Learning together builds trust, which creates the space for autonomous action. Autonomous action enables ongoing adaptation to context, which, in turn, provides the material for further learning. The purposeful creation of this kind of virtuous cycle is the effect of learning as a meta-strategy, enacted by funding and commissioning for learning. (Lowe, 2021, p. 182)*

This is not something that will just happen organically. Organisations delivering support services themselves need access to supporting backbone functions, as discussed in the previous chapter, to take the lead in identifying what they might need from central government. In addition, central government can help locally led approaches to work as effectively as possible, by supporting collective learning about what works for whānau and how the public management system can better enable this.

The Manaaki Tairāwhiti Urungi system, and the South Auckland Social Wellbeing Board's local evidence and insights approach provide examples of how backbone functions (see Chapter 5) can support a culture of learning together – that is, a culture led by the people they are supporting, and used to inform opportunities for systems change. Both these PBIs work with whānau and front-line staff to collect, collate and synthesise real-world experiences (that is, practice and place-based evidence) to identify system-level gaps, barriers, inefficiencies and inequities.

In the case of Manaaki Tairāwhiti, system change starts with Manaaki coaches identifying system barriers (see Box 16). The South Auckland Social Wellbeing Board uses an in-house local evidence and insights team to capture learning and build the case for change to inform local and national decision making, and then works with agencies to implement systems change.

Box 16 **Manaaki coaches use what is being learned on the ground to change the system**

The Manaaki Tairāwhiti Urungi system has four steps to support the system to learn together.

- **Identify potential barriers** – front-line staff record any barriers they encounter that impact on whānau being able to achieve their needs (see Table 5).
- **Prioritise barriers for further investigation** – Manaaki coaches look across the data to identify the most frequent barriers and the ones that are causing the most harm or where the impact on whānau is high. These are then put to the operational leadership team as a perceived barrier.
- **Validate the barriers** – the operational leadership team take time to further understand the root cause of the barrier. That is, what is the main cause, why is it there, and what thinking underlies this cause? Where does responsibility sit for the cause and the thinking? What else will we need to know or will be impacted if we make a change, and do we have enough information to make a change?
- **Systems thinking** – once the barrier is validated, agency leadership uses systems improvement to develop options for change to test and learn, then refine the options. If the change is successful, it is then made 'normal'.

Source: Te Puna Aonui and Manaaki Tairāwhiti (2022, p. 10).

The Early Years Implementation Learning Platform (convened by The Southern Initiative and the Auckland Co-design Lab) is another example of collective learning. The platform is a mechanism to ensure its programmes remain meaningful, and is supporting agencies to grapple with how to make a shift towards centrally enabling whānau-centred and locally led ways of working (see Box 17).

Box 17 **Creating a platform to share learning and building the capacity to learn across the early years system in South Auckland**

The Southern Initiative and the Auckland Co-design Lab have been working with partners such as the Department of the Prime Minister and Cabinet's Child Wellbeing and Poverty Reduction Group, Te Whatu Ora, ACC, Oranga Tamariki and the South Auckland Social Wellbeing Board to prototype an Early Years Implementation Learning Platform, to bring together a collective, cross-agency focus on the first 1,000 days of a child's life.

The platform uses Niho Taniwha (The Auckland Co-Design Lab, 2021), a systems learning framework designed to support teams seeking to implement reform. Niho Taniwha tracks how changes to policy settings, investment, roles and ways of working are enabling a whānau-centred, equity-focused early years system. It connects the system to what is being learned by whānau and communities. The work is helping partners to understand how the Child, Youth and Wellbeing Strategy can be activated in communities.

Box 17 continued

The purpose of the platform is to:

- build, share and leverage across the system practice-based evidence about enabling whānau and tamariki wellbeing, connecting action and learning on the ground with whānau, with policy and commissioning innovation processes;
- build the learning capability in public sector teams and establish structures and practices that support agencies to meaningfully embed the shift toward culturally grounded and locally led ways of working they have committed to – at scale; and
- build the capability of public sector teams to learn alongside communities, strengthening relational, partnership-based approaches and ways of working that enable reciprocal accountability and give effect to Tiriti obligations.

Source: NZPC (2022a, p. 117).

The two examples above show how a local learning system can be used to support a locally led and whānau-centred way of working to support whānau experiencing persistent disadvantage. The governance boards of both PBIs take this information seriously and provide an important validation role (Wilson & Fry, 2023). Unfortunately, actions to address systems challenges at the national level have been minimal (Fry, 2022), which suggests the need for a mandate for national systems to actively work with local learning systems and to make the changes needed. However, there are only two PBIs in Aotearoa New Zealand to support local learning systems. The public management system will need to consider what infrastructure is needed to put in place local learning systems across the rest of the country.

Create governance that supports the learning and includes the national and community level representatives

One of the key outcomes of a learning system is to "[make] sure people and organisations actually do it" (FrankAdvice, 2023, p. 15). This means that "decision makers need to be accountable for making evidence-based decisions, drawing on advice based in knowledge generated by a learning system… Accountability helps ensure knowledge generated becomes knowledge used". This helps create transparency in the public management system by making it clear what is and is not working and whether decisions reflect this (ibid, p. 23).

Effective governance and leadership models can support investment in learning and make learning two-way. These governance and leadership models can create opportunities for people working in communities to escalate information to decision makers, on what is being learned about what matters and is making the biggest difference for whānau, and what is helping to make change or stopping change from happening. The insights can help prioritise what work is needed at the national level to adjust policy, practice and investment to enable change to happen in communities. The insights can also support people leading transformation efforts at the national level to work alongside those closer to the reality on the ground, in ways that accelerate change. This can also ensure a range of perspectives are represented, including those of individuals and whānau, organisations, agencies, and sector representatives (including iwi and community leaders).

Leadership and governance bodies need to support the mindset and culture shifts required to promote collaborative ways of working across the system, and they need to meaningfully involve individuals, families, whānau, and communities.

These kind of leadership and governance bodies should hold themselves accountable for ensuring investment in learning occurs alongside the day-to-day work of supporting communities. Table 6 provides examples of different leadership and governance groups operating in Aotearoa New Zealand and the UK. Although each group has been shaped by the people they are supporting and the community they are working in, they share common features.

The groups have a mix of community level and national public sector representatives, and all have made investments in infrastructure and people to support learning. The South Auckland Social Wellbeing Board and Manaaki Tairāwhiti Governance Group have independent chairs who represent the communities they serve. The Plymouth Alliance for Complex Needs has a leadership team where decision making is unanimous.

Table 6 Examples of leadership and governance groups created to support whānau-centred, locally led and centrally enabled approaches

Group	Membership	Backbone learning infrastructure
South Auckland Social Wellbeing Board	The Board consists of 13 government agencies, each represented by a senior leader from within that agency. The Board has an independent chair from South Auckland, who is a strong advocate for the community they are serving.	In-house local evidence and insights team capture learnings and build the case for change to inform local and national decision making. Agency change leads support systems change implementation within cross-agency settings.
Manaaki Tairāwhiti Governance Group	The Board is made up of local community leaders and regional senior leaders from government agencies. The Board's chair is the Chief Executive of the local iwi authority Te Runanga o Turanganui a Kiwa.	Manaaki coaches (Box 17).
Plymouth Alliance for Complex Needs (United Kingdom)	The Alliance's leadership group is made up of chief executives from seven service providers, and three commissioners from the local council.	Makes space for learning at different levels: • leadership team; • large open events, including people from the community, practitioners, commissioners, council employer and councillors; and • learning-to-action subgroups that involve service delivery people from across the providers.

Sources: Human Learning Systems (2021); Manaaki Tairāwhiti (2023); South Auckland Social Wellbeing Board (2023).

Build stronger connections with communities

Stronger connections between the public management system and communities (including voluntary, iwi and hapū groups) are needed, to build trust and help the system learn from people experiencing persistent disadvantage. Community groups play a role in supporting and representing people who experience persistent disadvantage, but do not currently have the same level of representation or direct access to ministers as the business sector (ComVoices, 2022).

Representation for groups or other community stakeholders could be created on key governance forums across the social sector, including the Social Wellbeing Board. Membership would need to come from people experiencing persistent disadvantage, to ensure their voice does not get lost or weakened.

Current attempts to improve engagement with communities may not be working

The public management system is trying to be more accessible, responsive, and accountable to individuals, families, whānau, and communities (including children and young people). Suggestions for how to increase participation in decisions made by the public management system have been made by the Open Government Partnership Fourth Action Plan (New Zealand Government, 2022b), the review of the Child and Youth Wellbeing Strategy (DPMC, 2022), and the Long-term Insights Briefing on Enabling Active Citizenship (PSC, 2022a).

However, according to the Expert Advisory Panel on the Open Government Partnership, the commitments set out in those documents need to be followed through with the support of "stronger political and strategic leadership from the government" (New Zealand Government, 2022b, p. 5). These include building community engagement capability of public service staff, addressing any financial barriers that prevent or limit participation by individuals, families, whānau, and communities, and revitalising citizen-led democracy (Review into the Future for Local Government, 2022).

Finding 17

To support a shift to two-way learning and accountability between communities and central government, the system needs to:

- develop collective learning mechanisms for communities and central government to make sense of what is learned;
- create the right governance that includes national-level and community-level representatives; and
- build stronger connections with communities to underpin both of the above.

Recommendation 16

Resource better community engagement
The Government should resource the Social Wellbeing Board to ensure Tiriti partners and community stakeholders can be active partners in development, decision making, implementation and learning, in relation to policies and programmes to reduce persistent disadvantage.

Leadership for learning in the public management system

Now we turn to the "centrally enabled" part of the learning system equation. Leadership is critical to making sure everyone plays their part in a learning system. Although the public management system already has a system lead for the policy system – who is responsible for improving policy capabilities, systems, processes and standards – there is currently no equivalent for learning. Our view is the Government should create a leadership and stewardship function by mandating an appropriate agency to set requirements for learning and improvement in the public management system that is whānau-centred, locally led and centrally enabled.

A similar conclusion was reached in a review of learning within the Australian public sector (Bray et al., 2019). The review identified an absence of a strategic approach to evaluation in the Australian public sector had led to "a failure to oversee the evaluation effort and the quality of evaluation; the dispersion and frequently under-utilisation of evaluation skills, along with limited capacity to build them; and a tendency for evaluation findings to be narrowly considered and soon lost from corporate memory" (ibid., p. 13).

The review concluded there was a strong case for a centralised evaluation role within the Australian public sector and within government agencies to set priorities, identified gaps in evaluation effort, ensured evaluation findings were used in decision making, and shared insights across the public management system.

We consider that dedicated leadership and stewardship is needed to:

- support a shift towards locally led, whānau-centred and centrally enabled ways of working;
- ensure the public management system is playing its centrally enabling role by ensuring national-level policy and investment decisions are based on what matters most to individuals, families, whānau, and communities; and
- invest in the capacity and capability of the system to learn.

Create a leadership and stewardship function for learning in the public management system

We have considered the kind of activities a leadership function for learning could usefully undertake, as well as where such a function could be housed. In our view, the purpose of a leadership function for learning is to ensure everyone plays their part in strengthening learning across the public management system. This includes generating the knowledge the system needs to learn, being accountable for using what it is learning to inform decisions, and ensuring there is sufficient capability and capacity to learn across all levels of the system (FrankAdvice, 2023).

Knowledge generation needs to determine the support needed by people experiencing persistent disadvantage, by listening to them and trying things out. Achieving this requires drawing on a wide range of knowledge created across the system. In the current public management system, narrow forms of evidence often dominate (such as data from surveys and administration data, over the voice of whānau), strengths-based approaches are infrequent, there is insufficient collective learning between communities and central government agencies, and the use of kaupapa Māori and other culturally appropriate methods is lacking (ibid., p. 22).

The system needs to be accountable for using the knowledge generated by the learning system to inform the changes needed to support whānau experiencing persistent disadvantage. At present, the public management system lacks key elements that could support accountability for learning. There is no leadership function which might be equipped with powers to impose accountabilities (ibid., p. 23).

The lack of leadership and accountability create gaps in capability throughout the public management system. Incentives within the public management system, including the fear of failure, are likely to contribute to these gaps (ibid., p. 24). A shift to a learning system that is centred around individuals, families, whānau, and communities will also require the system to improve its practices at all levels, from central government agencies to learning on the ground in communities.

The learning system needs sufficient resourcing to support the generation and use of knowledge in decision making. Leadership is needed to ensure the system has the capacity to learn. This could require identifying where additional investment is needed and ensuring investment is used to support a whānau-centred, locally led and centrally enabled approach to learning.

Although there is no consensus on what stewardship of a learning system looks like, FrankAdvice (2023) identified the monitoring and evaluation system introduced in Canada in 2009, as a good starting point to identifying the potential elements needed. The elements they recommended include:

- a leadership agency, which would establish a government-wide evaluation policy, specify requirements and standards for how the learning system should operate, build capability and capacity in the learning system across the public management system;
- a review function to monitor whether central government is enabling learning; and
- a separate centre of excellence to support the public management system to learn together by providing expertise, sharing knowledge, and facilitating learning across all levels and with communities.

We consider these elements to be a good mix of establishing and monitoring expectations, as well as providing support for agencies to strengthen their learning activities and participate in system wide learning. However, we also note that overseas models cannot be imported without adapting them for Aotearoa New Zealand's unique political, social and cultural landscape. The learning system would need to give effect to te Tiriti and indigenous values. FrankAdvice conclude that "[m]aking space for tangata whenua to lead and hold power in a learning system could take a number of forms, from governance arrangements through to organisational and individual capability within agencies..." (ibid., p. 38).

Finding 18

An effective learning system needs six key components: knowledge generation; knowledge use; leadership; accountability, capability and capacity. Some of these components are missing, and others need strengthening. A leadership function is needed to ensure all six key components are present, at all levels of the public management system, and are supporting a system that is locally led, whānau-centred and centrally enabled.

Where could the learning leadership function be located?

There are three broad options for locating a leadership function in the Aotearoa New Zealand public management system. It could be housed in a new standalone entity, in an existing agency, or introduced as a new system lead role created under the Public Service Act 2020.

There are already several central government agencies that could host the leadership function for the learning system. Creating another central government agency may not be necessary. Possible candidates include Treasury, Te Kawa Mataaho Public Service Commission (PSC), the Department of the Prime Minister and Cabinet (DPMC), and the Social Wellbeing Agency. Submissions to the inquiry's interim report suggested placing the leadership role in an existing central government agency and suggested PSC or DPMC (NZPC, 2023a).

We see a key role for central agencies to embed wellbeing outcomes across the public management system. It makes sense to place the leadership function for the learning system alongside this work. The learning system will be an important contributor in shaping what information is used to inform the performance of the public management system, as well as collecting the information needed to understand how well existing services are working for people experiencing persistent disadvantage.

Table 7 presents the key attributes a leadership function for the learning system would need to have and examples of where expertise currently resides within the public sector. It shows that existing agencies all have their own strengths and weaknesses in terms of their ability to host the learning system leadership function.

Table 7 Attributes of a learning system leadership function

Attribute	Description
Expertise in processes that support learning to happen	Existing expertise in processes for supporting learning (such as data collection, monitoring, evaluation, creating learning cultures, communication and dissemination), from the working level through to senior leadership.
Trusted relationships with individuals and whānau experiencing disadvantage	Relationships with community stakeholders and partners to ensure that a breadth of knowledge, including community voices, form part of a learning system.
Knowledge of kaupapa Māori and te ao Māori	Te Puni Kōkiri and Te Arawhiti hold knowledge of kaupapa Māori and te ao Māori, and work closely with those who do.
Level of independence from, but standing with, agencies to be monitored	To hold the public management system to account, the leadership function for a learning system would need to able to maintain independence from agencies making up the system. However, it would need to be sufficiently connected with the substance of the learning system, and have enough understanding of persistent disadvantage, that it could lead effectively. This leadership function would also need sufficient standing within the public management system to influence significant change where required.
Ability to give effect to the values of a learning system	The learning system will need to uphold the values of He Ara Waiora and a commitment to te Tiriti. This entails the ability to challenge the status quo, including understanding what constitutes knowledge and conventional evaluation practices.

Source: Adapted from FrankAdvice (2023).

In Canada, the leadership of their monitoring and evaluation system was placed in the Treasury Board of Canada Secretariat (equivalent to the New Zealand Treasury). The Canadian monitoring and evaluation system was successful in contributing to expenditure reviews, but was less successful in supporting improvements in the performance of operations (Lahey & Nielsen, 2013). The decision about where to locate the leadership function needs to ensure the learning system balances managing expenditure alongside improving operations.

DPMC and the Social Wellbeing Agency already have several functions that are complementary to supporting a learning system leadership function. DPMC hosts the Child Wellbeing and Poverty Reduction Group that is responsible for leading the government's Child and Youth Wellbeing Strategy across the public service and leads the stewardship of the policy system: the Policy Project.

The Social Wellbeing Agency has expertise in the tools and processes needed to learn. In particular, their recent work has focused on using strengths-based approaches, undertaking mixed methods research that combines qualitative and quantitative data collection, and working with communities to learn about the use of services (Social Wellbeing Agency, 2023).

FrankAdvice concludes that "…a new standalone agency created for the purpose is likely to have the greatest impact. It would be designed specifically to carry out its tasks (including leadership arrangements to give effect to Te Tiriti o Waitangi) and to embody the values of He Ara Waiora, would bring together a high level of expertise into a single place, and would have a high degree of independence" (FrankAdvice, 2023, p. 35).

Recommendation 17

Create a leadership and stewardship function for learning and improvement
The Government should create a leadership and stewardship function to set requirements for learning and improvement in the public management system and mandate an appropriate agency. The requirements of this function should include:

- ensuring the voices of individuals, families, whānau, and communities experiencing disadvantage are used to inform what support and help is needed and how it should be provided;
- supporting the public management system to innovate, test and adapt to find out what works to break the cycle of persistent disadvantage;
- tracking the adoption of new systems settings, behaviours and practices that prioritise equity and support the changes needed on the ground in whānau and communities;
- ensuring the public management system acts in a timely manner on what is being learned – for example, by adapting services, sharing learning where relevant, removing any obstacles, or creating new services to meet unmet demand; and
- supporting the public management system to anticipate needs across the life course and between generations so that government can do more to prevent persistent disadvantage from occurring, instead of just addressing it when it does happen.

Establish a government-wide learning policy

We consider that in order to address the longstanding systemic weaknesses in learning capabilities across the public management system (FrankAdvice, 2023; NZPC, 2015b), a government-wide learning policy should be established that applies to all government agencies. At a minimum, it should specify responsibilities for undertaking ongoing learning activities, the purpose of these activities, and make clear the responsibilities of government to work with Tiriti partners and community stakeholders to develop and implement learning activities.

The learning policy should encourage the public management system to take the following actions.

- Invest in growing capability across all levels of the public management system, including leadership and learning infrastructure at the local level. This includes sharing and synthesising knowledge across the public management system, with policies and mechanisms in place to ensure this happens – so that a repository of knowledge for addressing persistent disadvantage can be built.
- Support the system to reorganise how it works at different levels, to enable locally led ways of working and to do things differently.
- Learn about what matters to individuals, families, whānau, and communities by listening to them (that is, not to rely just on system-level indicators) and bring decision making closer to whānau. The learning system needs to include diverse views and perspectives. This would involve engaging with people who are affected by government decisions, so they can have input into those decisions as well as judge the impacts.
- Undertake two-way learning that is ongoing and involves national- and community-level learning about what change is needed and how central levers can be used to support change to happen. Collective learning needs to be ongoing, to help inform decisions that work to improve people's lives now and contribute to strengthening the lives of current and future generations.
- Create a learning system platform at the national level to capture learning about barriers and opportunities related to policy and investment settings, including acting on community intelligence (this is not commissioning an evaluation).
- Ensure the public management system invests in the time needed to understand people's lives, especially when dealing with persistent disadvantage and intergenerational trauma.
- Give permission to reconfigure investment to meet the needs of individuals, families, whānau, and communities.

Specify requirements and standards for how the learning system should operate

To support high quality evaluation, monitoring and other learning activities, the leadership function should specify requirements and standards of practice for the public management system to meet in their learning activities. These requirements and standards could include:

- ensuring the voices of individuals, families, whānau, and communities experiencing disadvantage are used to inform what support and help is needed, and how it should be provided;
- supporting the public management system to innovate, test and adapt to find out what works for people experiencing disadvantage;
- ensuring the public management system acts in a timely manner on what is being learned – for example, by adapting services, sharing learning where relevant, removing any obstacles, or creating new services to meet unmet demand;

- building new internal capabilities and mindsets, making changes in regulations or policies, and shifting investment approaches; and
- supporting the public management system to anticipate needs across the life course and between generations, so that government can do more to prevent persistent disadvantage from occurring, instead of just addressing it when it does happen.

Establish a review function to monitor whether central government is enabling learning

Central government agencies will play an important role in enabling learning to be locally led and whānau-centred. It would be expected that agencies have learning system responsibilities as part of their normal accountabilities. They should be required to demonstrate (for example, in annual reports and budget documents) they are investing in learning and enabling learning to happen on the ground with our communities.

To hold agencies to account, we consider the leadership function needs to have its own powers to report on how effective the learning system is at achieving goals set out in the learning policy, how well the learning system is performing, and what action is being taken to address system level issues identified. For example, the Canadian Auditor-General has provided independent oversight by examining the use of monitoring and evaluation across the system (Lahey, 2010). These powers, (which could be established in legislation) would be similar to the way the Ministry for Business, Innovation and Employment reports on procurement practice, or the way PSC reports on whether agencies are meeting their Official Information Act 1982 obligations.

A separate centre of excellence to support the systems to learn together

Making a paradigm shift to become a learning system will be challenging and will need dedicated support. As Lowe and Hesselgreaves (2021) noted, "[i]t is no surprise that those who have adopted this [learning system] approach emphasise the amount of effort required to maintain the practice of learning in every interaction. Essentially, this approach means potentially taking any aspect of routinised practice and changing it to become thoughtful and considered" (p. 60). As FrankAdvice (2023) concluded, "the public management system is stronger at generating knowledge than synthesising it" (p. 30).

The learning system will require a source of expertise that agencies can draw on to improve their practice in generating and using knowledge, and to support the sharing and synthesising of knowledge across the public management system. Support could also be provided to agencies, providers and communities, to improve their understanding of different evaluation approaches, and how they can implement them to support learning.

Although the key role of the centre of excellence would be to support system-wide learning practice, it could also play a role in supporting the sharing and synthesis of knowledge. This could include providing a central location for storing and accessing knowledge, such as:

- the Hub, hosted by the Social Wellbeing Agency in Aotearoa New Zealand, which contains government social science research;[39] and
- the UK's What Works Network (n.d.) that aims to improve the way government and other public sector organisations create, share and use evidence in decision making.

39 www.thehub.swa.govt.nz

Learning partners can help organisations to build their capacity to learn

A centre of excellence could support the public management system to develop and maintain a learning culture. In particular, it could help organisations to concentrate on supporting whānau and ensure they are not overwhelmed with additional demands for ongoing learning.

One way to achieve this is by bringing people in the system together in the context of the centre of excellence, as described above. For example, Lowe and Hesselgreaves (2021) describe the use of a "Learning Partner" to provide support for organisations (or systems) to undertake each stage of the learning process, and to guide them through a cycle of trying, learning and adapting. The Learning Partner would "[help] organisations to build their own capacity to learn, typically by adopting action learning and action research (ALAR) approaches…, which includes experimentation, data gathering, sense-making, reflection and reflexivity" (p. 70). The Learning Partner can "also perform convening roles to build relationships between people, organisations, and systems, so that shared learning can take place" (ibid.).

Finding 19

Key elements for government-wide policy that would build learning capability and capacity in learning across the public management system are:

- clear requirements and standards for how the learning system should operate;
- a review function to monitor whether central government is enabling learning and improvements are occurring; and
- a separate centre of excellence to support the public management system to share expertise, knowledge, and facilitate learning across all levels of government and with communities.

Recommendation 18

Establish a government-wide learning policy

To strengthen the learning system the leadership and stewardship function should:

- establish a government-wide learning policy;
- specify requirements and standards (or alternatively, guidance) for how the learning system should operate and to guide good practice for agencies;
- establish a review function to monitor whether the public management system is enabling learning; and
- create a centre of excellence to provide expertise, share knowledge, and facilitate learning across all levels of government and with communities.

Invest in the capability and capacity of the learning system

Finally, we note investment in the capacity and capability of the public management system to support learning will be required. This includes investing in the capability of the learning system workforce, and the capacity to collect data for measuring wellbeing and disadvantage over the life course and between generations, and within communities.

Invest in the learning system workforce

Increasing the use of learning in the public management system is likely to increase the need for learning practitioners (such as evaluators, facilitators, learning partners and data analysts), including those skilled in kaupapa Māori and other culturally grounded approaches.

The learning system leadership function could be responsible for developing a learning practitioner workforce capability plan, covering areas such as:

- ensuring a workforce pipeline – including, for example, working with external parties (such as tertiary education providers) to promote evaluation as a career;
- supporting the capability of the existing workforce (for example, partnering with professional bodies such as the Australian and New Zealand Evaluation Association); and
- developing competency frameworks for practitioners employed directly within the public management system (similar to the policy advisor competency framework resources developed by DPMC's Policy Project).

We recommend that insights should be gathered from other public workforce initiatives on how a workforce function for a learning system could operate – for example, from the Workforce Development Council model for developing skills needed by industry using vocational education and training, or from agencies that have responsibilities for workforces (such as health).

Recommendation 19

Invest in the capability and capacity of the learning system
The Government should invest in the capability and capacity of the learning system, including:

- the development of practice-led learning to support new ways of working;
- the learning system workforce, including learning partners; and
- the structures and support needed to help the system check whether its programmes remain meaningful.

Invest in data collection to allow wellbeing and disadvantage to be measured over the life course and between generations

The inquiry's accompanying report *A quantitative analysis of disadvantage and how it persists in Aotearoa New Zealand* concluded that Aotearoa New Zealand needs to expand the measures used to understand the patterns and nature of persistent disadvantage. The report calls for the

development of a broader range of "being left out" measures (in particular, social connection, discrimination, sense of identity and belonging, and community participation) and longitudinal information to understand persistent disadvantage across the life course and between generations (NZPC, forthcoming). In particular, the learning system needs to be able to support the public management system to anticipate the future needs of individuals, families, whānau, and communities.

Improving existing data and evidence will be needed to support the implementation of a number of the recommendations made by this inquiry. These include supporting the setting out of wellbeing objectives (Recommendation 4), measuring levels of material and non-material wellbeing as part of establishing a social floor (Recommendation 8), and measuring changes in persistent disadvantage, which is part of the Social Inclusion Act (Recommendation 13).

One way of doing this is to increase investment in longitudinal studies, such as Growing Up in New Zealand. This would enable the learning system to measure wellbeing and disadvantage over the life course and between generations. Options could include investing in a new cohort study, extending existing surveys (such as the Living in Aotearoa survey), and using government administration data held by agencies and linked together by Statistics New Zealand in the Integrated Data Infrastructure. New datasets need to be able to measure changes in people's lives over a longer timeframe and intergenerationally (households currently remain in the Living in Aotearoa Survey for six years), and they need to focus on capturing the complexities and interconnection factors associated with living in persistent disadvantage. In addition to further funding for longitudinal studies, increased resourcing could be considered for Statistics New Zealand surveys and the Integrated Data Infrastructure.

This could involve stronger partnerships between government agencies and tertiary education providers. The work could become part of Te Ara Paerangi – Future pathways work programme, which is designing a research, science and innovation system to support the wellbeing for all current and future New Zealanders. Phase 2 of the work programme includes establishing national research priorities to "meet the most important challenges and opportunities for Aotearoa New Zealand's social, environmental and economic wellbeing" (Ministry of Business, Innovation & Employment, 2022, p. 8).

Prioritise work programmes that capture community-level data

As discussed earlier, building trusted relationships between the public management system, individuals, families, whānau and communities will require the sharing of knowledge. It may also require support for communities to generate their own culturally grounded knowledge and evidence for what works in their context. Knowledge should be shared across communities in accessible ways.

Some submitters (sub. DR95, 119 and 150) felt that national data collections are unable to provide sufficiently disaggregated and timely data at the community level, which can mean the voice of communities is often missing from current national datasets, or issues arising in these communities are not reported quickly enough. Dr Sandy Callister concluded that "…national measures, targets, and indicators mask the critical variables of ethnicity, location, age differences and socio-economic status. Without data specificity it is hard to drive transformational change at a local level…" (sub. DR89, p. 4).

It may be possible to redevelop existing surveys to provide more detailed information about persistent disadvantage experienced by particular individuals, whānau and/or communities (for example, defined by ethnicity, location and/or age). There is already work underway to prioritise data investment in Aotearoa New Zealand for certain population groups. For example, the 2022 New Zealand Government data investment plan identifies creating more detailed data for sub-national populations, including iwi/Māori, ethnic groups, disabled groups, family composition and geographical areas, as a data investment priority (New Zealand Government, 2022a). The Living in Aotearoa survey has boosted sampling to ensure good Māori representation, as well as representation of more deprived areas.

However, there will also be communities with populations that are too small to be easily captured using national surveys. An example is the Tairāwhiti region, which decided to create its own wellbeing survey (see Box 18). Where this is the case, it may be possible to provide support to these communities to collect their own data about their own needs and strengths.

Box 18 **The Tairāwhiti Wellbeing Survey**

The Tairāwhiti Wellbeing Survey is a community-driven initiative to improve local data available to the Tairāwhiti region (Trust Tāirawhiti, 2023). The survey was created because the national wellbeing survey (General Social Survey) run by Statistics New Zealand could not provide the Tairāwhiti region with sufficiently detailed local data.

The survey was run in 2022 using questions from the national General Social Survey, as well as questions specific to the information needs of the region. The use of questions from a national survey means the Tairāwhiti region can compare wellbeing indicators with national indicators.

Finding 20

Aotearoa New Zealand needs to expand the measures used to understand the patterns and nature of persistent disadvantage by developing a broader range of "being left out" measures (in particular, social connection, discrimination, sense of identity and belonging, and community participation) and longitudinal information to understand persistent disadvantage across the life course and between generations.

In particular, the learning system needs to be able to support the public management system to anticipate the future needs of individuals, families, whānau, and communities.

Improving existing data and evidence will be needed to support the implementation of a number of the recommendations made by this inquiry. These include supporting the setting out of wellbeing objectives; measuring levels of material and non-material wellbeing as part of establishing a social floor; and measuring changes in persistent disadvantage, which is part of the Social Inclusion Act.

Recommendation 20

Invest in data collection

The Government and government agencies should invest in data collection for measuring wellbeing and disadvantage over the life course, between generations, and within communities, including taking the following actions.

- Commit to long-term investment in the Living in Aotearoa survey (or equivalent surveys) and the Integrated Data Infrastructure, to expand its measures (for example, a broader range of "being left out" measures – particularly about social connection, discrimination, sense of identity and belonging, and community participation) and set up longer-term panels to allow wellbeing and disadvantage to be measured over the life course and between generations.
- Resource Statistics New Zealand, in collaboration with others, to prioritise work programmes that capture community-level data. This could include improving existing surveys and using existing government administration data to provide more detailed information about persistent disadvantage among specific communities (for example, by ethnicity, location and/or age), or by working with communities to help them collect their own data and information.

Chapter 7 Conclusions

Persistent disadvantage cannot be fixed overnight or by a few disconnected actions.

Our vision in this inquiry has been for people who are experiencing persistent disadvantage to be empowered to influence the decisions that affect their lives. Through more effective support in their communities from people they trust and can hold accountable, and through long-term decisions and actions addressing the underlying causes, persistent disadvantage in Aotearoa New Zealand will steadily reduce over time.

The recommendations we make in this report are steps towards achieving this vision. These recommendations are intended as a package - interlocking and reinforcing of each other. We provide a roadmap below for the system shifts we have recommended, setting out our suggested phasing of action.

The inquiry's terms of reference set a challenging scope which prompted the Commission to take risks and do things differently. The inquiry took a system-wide and whole-of-government perspective, seeking insights on how to break or mitigate the cycle of persistent disadvantage. This involved consulting widely with the public to shape the inquiry's terms of reference and making use of a broad range of evidence and analytical methods, such as systems mapping. We have also drawn on the many reports that have captured the voices of people experiencing persistent disadvantage.

The central finding of this inquiry is that people experience persistent disadvantage when they are constrained within the powerful systems – including the public management system – that shape our lives. If whānau and communities are strong, and government support is effective, disadvantage cannot persist.

Social, economic, health and other conditions, along with life and past events can make people more vulnerable to persistent disadvantage. Support to manage or overcome these conditions might come from whānau, communities or the government, or from all these places. The goal for the system needs to be that all people can get what they need to live a better life.

The broader values and most of the ideas needed to address the barriers and assumptions that are currently holding back progress are already available. Many people are already working hard to shift the system. In the spirit of service, aligned to the big picture, and upholding their duty of care, many public servants are striving to make a difference to the wellbeing of Aotearoa New Zealand and all its people.

Summary of recommendations

We acknowledge that system change is not easy, but it is possible with time and commitment. Indeed, a generation ago, Aotearoa New Zealand's public management system was redesigned to address the challenges of that time. Now we must once again confront what is not working – and focus on finding things that do work. Our recommendations fall into three main areas of the public management system.

Purpose and direction

At the high level, we recommend long-term objective setting that provides a consistent guide for decisions and investment, and a commitment to a social floor, that describes in practical terms what social inclusion looks like. Greater use of He Ara Waiora would broaden the values guiding the system.

Accountability

A set of recommendations are made designed to improve the accountability of the system. These include a Social Inclusion Act (sitting alongside the Child Poverty Reduction Act 2018) to make government commitments to reduce persistent disadvantage specific and actionable, and to give a voice to future generations through a Parliamentary Commissioner for the Future to increase the weight given to long-term consequences of decisions made today.

Learning and voice

At the most detailed level, recommendations describe a public management system that learns from experience, corrects mistakes and improves what it does. An important part of system learning is to empower people experiencing persistent disadvantage through giving them a more influential voice.

In summary, we recommend that the Government:

- Sets a clear long-term direction and priorities for wellbeing.
- Establishes measures for a social floor that enables social inclusion.
- Puts in place roles and institutions that foster stewardship; support locally led and whānau-centred wellbeing; and give greater voice to vulnerable groups, including future generations.
- Commits the long-term resourcing needed to see the work through.
- Strengthens public accountability for reducing persistent disadvantage and enhancing mana and wellbeing.
- Takes overall responsibility for public management system learning and improvement, underpinned by appropriate monitoring and reporting.

Our full list of detailed recommendations is set out in the All findings and recommendations section.

Suggested roadmap for implementing our recommendations

The table below summarises our headline recommendations and our suggested order of priority – 'start now' (for urgent action), 'do next' (a second tranche of actions) and 'keep moving forward' (to maintain current progress). This provides an indicative roadmap for shifting the public management system to one that is whānau-centred, locally led and centrally enabled.

Table 8 Recommendations roadmap

Recommendation		System area	Priority
1	Give effect to te Tiriti o Waitangi	Purpose and direction	Keep moving forward
2	Clarify the role of the public service in improving wellbeing	Purpose and direction	Do next
3	Pursue cross-party agreement on generational strategic objectives	Purpose and direction	Do next
4	Embed and action wellbeing objectives in the public management system	Purpose and direction	Do next
5	Align wellbeing roles and responsibilities of local and central government	Learning and voice	Keep moving forward
6	Develop and resource a Wellbeing Policy Implementation Plan	Purpose and direction	Start now
7	Introduce a Wellbeing of Future Generations Act and establish a Commissioner for Future Generations	Purpose and direction	Do next
8	Establish and maintain measures describing a social floor	Purpose and direction	Start now
9	Expedite work related to protective factors	Purpose and direction	Keep moving forward
10	Commission a first-principles review of public accountability	Accountability	Do next
11	Progress more immediate public accountability policy work	Accountability	Start now
12	Instruct the Productivity Commission to undertake a follow-up review	Accountability	Do next
13	Introduce a Social Inclusion Act	Accountability	Do next
14	Commission a programme to support locally led, whānau-centred and centrally enabled initiatives	Accountability	Keep moving forward
15	Strengthen social sector commissioning	Accountability	Start now
16	Resource better community engagement	Learning and voice	Start now
17	Create a leadership and stewardship function for learning and improvement	Learning and voice	Start now
18	Establish a government-wide learning policy	Learning and voice	Do next
19	Invest in the capability and capacity of the learning system	Learning and voice	Start now
20	Invest in data collection	Learning and voice	Keep moving forward

All findings and recommendations

The dynamics and drivers of persistent disadvantage

Finding 1

Approximately 697,000 New Zealanders experienced persistent disadvantage in one or more domains in both 2013 and 2018. A total of 172,000 people experienced complex and multiple forms of persistent disadvantage in two or three domains in both 2013 and 2018. Māori, people with disabilities, Pacific peoples, and sole parents experienced higher rates of persistent disadvantage compared with rest of the peak working age households in Aotearoa New Zealand.

Finding 2

The drivers of disadvantage are systemic. Broader societal barriers are reflected in the public management system. Power imbalances, discrimination, and the ongoing impacts of colonisation form part of the economic and social context for both advantage and disadvantage in Aotearoa New Zealand. In addition, siloed and fragmented government and short-termism reflect well-known challenges that the public management system has been grappling with for decades.

Our vision – a fair chance for all

Finding 3

The high-level elements of a wellbeing policy approach include:

- setting long-term goals and measuring what matters for improving the lives of citizens;
- evidence-based decision making;
- embedding new approaches across institutions (such as the use of wellbeing frameworks, prioritising prevention and early intervention, and taking an integrating or collaborative approach); and
- building accountability for progress.

Finding 4

Combining the approaches of the current and previous Governments would be a promising way forward to improve our wellbeing approach. Drawing on both detailed distributional evidence and a broad spectrum of indicators, this approach would:

- carefully consider both material and non-material impacts of policy choices;
- emphasise both life course and intergenerational patterns of advantage and disadvantage;
- take a comprehensive approach to data analysis; and
- encourage robust analysis of strategic priorities and assessment of initiatives.

Finding 5

Our work for this inquiry has highlighted the following principles for the public management system as critical to achieving wellbeing for all in Aotearoa New Zealand.

- Strengthen the influence of te Tiriti throughout the system.
- Provide long-term, strategic direction to address persistent disadvantage.
- Prioritise the wellbeing of all with an explicit focus on equity of outcomes and distributional fairness.
- Broaden the values of the system.
- Integrate learning and innovation.
- Prioritise and empower the voices of people experiencing disadvantage.

Re-think the macro settings and assumptions of the public management system

Finding 6

Similar to all "human systems", Aotearoa New Zealand's public management system is shaped by underlying ideas and assumptions. Assumptions in a human system are never neutral; they reflect the dominant values, mindsets and worldviews held by people in that system. These assumptions flow into and underpin the system settings and policy approaches that filter, drive and direct public policy decisions and investment.

Assumptions may be explicit or implicit. Although they are not necessarily held by everyone, they are nonetheless embedded in ways of working that can enable or constrain progress. The tendency for policy agencies to consider disadvantage within individual policy or public service domains is an example.

Finding 7

He Ara Waiora recognises collective values, and the latest version of the Living Standards Framework introduced the concept of collective wellbeing. Giving such frameworks, including the Pacific Wellbeing Outcomes Framework, greater centrality and weight would help in broadening the values, both in policymaking and in the expectations placed on how public servants should uphold the "spirit of service".

Finding 8

Wellbeing approaches will not achieve their full potential to address persistent disadvantage until there is direction and prioritisation within the public management system. This direction and prioritisation require long-term objectives that better drive purpose and explore co-benefits and complementarities across the public management system.

Finding 9

Short-termism within the public management system limits the ability to address long-term challenges and take decisions with multi-generation timeframes. This is compounded by the absence of forums, instruments or institutions protecting the interests of future generations, and by the lack of future-facing accountability mechanisms.

Recommendation 1

Give effect to te Tiriti o Waitangi
The Government should give better effect to te Tiriti o Waitangi, by embedding tikanga frameworks such as He Ara Waiora into the public management system, so that holistic, intergenerational values guide wellbeing policy and investment, and ongoing public sector reform.

Recommendation 2

Clarify the role of the public service in improving wellbeing
The Government should amend the Public Service Act 2020 to clarify the role of the public service in improving the wellbeing of all New Zealanders, and to clarify how the values set out in He Ara Waiora and other indigenous frameworks could guide how public servants work.

Recommendation 3

Pursue cross-party agreement on generational strategic objectives
The Government should pursue cross-party agreement to develop and implement generational (20- to 30-year) strategic objectives for the nation to help support long-term policy pathways to address intergenerational issues, such as persistent disadvantage.

Recommendation 4

Embed and action wellbeing objectives in the public management system
The Treasury (in collaboration with the Social Wellbeing Agency, population agencies and others) should advise on changes to the Public Finance Act 1989 and other required legislation for the following purposes.

- Set long-term wellbeing objectives and all of-government priorities consistent with improving the wellbeing of current and future generations.
- Set out an explicit interpretation or principles of wellbeing in Part 2 of the Public Finance Act 1989 to guide policymaking and funding decisions, in the same way that section 26G already sets out principles for fiscal responsibility.
- Ensure that the definition of fiscal responsibility is consistent with the broader principles of wellbeing (as reflected in, for example, He Ara Waiora).
- Strengthen the link between the wellbeing objectives and long-term policymaking by adding a requirement that the Government of the day sets out a statement of long-term priorities, which should include explicit details of long-term wellbeing goals and how they will be achieved.
- Require the Government to report progress annually towards wellbeing objectives and priorities, and to address issues identified in the Wellbeing Reports required by the Act.
- Track expenditure related to reducing persistent disadvantage and/or enhancing wellbeing in all agencies (consistent with the suggestion for environmental spending by the Parliamentary Commissioner for the Environment) and require an all-of-government report on agencies' contributions to addressing persistent disadvantage against agreed outcome targets as part of annual reporting.
- Develop and implement a spending review function, informed by OECD good practice, which has the objective of assisting agencies and groups of agencies to better understand their effectiveness in reducing persistent disadvantage and improving the wellbeing of current and future generations.

Recommendation 5

Align wellbeing roles and responsibilities of local and central government
The Government should consider how to align the respective roles and responsibilities of local and central government in planning and delivering wellbeing outcomes, taking into account the final recommendations from the Review into the Future for Local Government and our recommendations on supporting more locally led, whānau-centred and centrally enabled initiatives.

Recommendation 6

Develop and resource a Wellbeing Policy Implementation Plan
Central agencies should develop and resource a Wellbeing Policy Implementation Plan, aimed at implementing the system changes recommended by this inquiry and clarifying agency roles and responsibilities.

Recommendation 7

Introduce a Wellbeing of Future Generations Act and establish a Commissioner for Future Generations
The Government should introduce a Wellbeing of Future Generations Act to establish a Parliamentary Commissioner for Future Generations, whose statutory role is to represent the interests of future generations. The Future Generations Commissioner may have the following functions.

- Facilitate a national conversation to develop a shared understanding of wellbeing for future generations, with a specific focus on inequality and distributive fairness.
- Review and advise on a range of a methodologies such as foresight and scenario modelling to develop an anticipatory governance model for the public management system, informed by He Ara Waiora and other tikanga frameworks.
- Review and advise on the capability needed across the public service for integrating long-term thinking into policy development, learning and evaluation, and producing informative and illuminating Long-term Insights Briefings.
- Provide independent analyses of the Government's long-term wellbeing objectives and the Government's response to Wellbeing Reports.
- Advise on the appropriateness and consistent application of Aotearoa New Zealand's discount rate policy, which determines how much weight is placed on future outcomes relative to present-day outcomes when analysing social policy investments.
- Advise on the impact of the Budget on future generations.

Recommendation 8

Establish and maintain measures describing a social floor
The Treasury – in consultation with Tiriti partners, other government agencies, representatives of people experiencing persistent disadvantage, and the public – should develop and maintain measures describing levels of both material and non-material wellbeing necessary for social inclusion as defined in this report.

As a first step this should begin with quantifying and maintaining the level of incomes required for a range of families and whānau to meet the material requirements for social inclusion, noting that these are not the only requirements for social inclusion.

The levels should be designed to achieve social inclusion for individuals, their families, whānau and communities, recognising the interconnection between the needs of people and the context in which they live.

The levels should be based on criteria including the factors required for social inclusion described in the reports of this inquiry, the standard of living needed for social inclusion, and Aotearoa New Zealand's human rights statutes and international commitments.

These outcomes and measures should be incorporated in the Living Standards Framework and He Ara Waiora, alongside other measures required for a sustainable and equitable environment, society and economy.

The Social Inclusion Act (see Recommendation 13) should require that the extent to which this baseline social floor is achieved be monitored and reported on.

Recommendation 9

Expedite work related to protective factors
Progress, expedite and resource existing work programmes that protect against persistent disadvantage.

Re-focus public accountability settings to activate a wellbeing approach

Finding 10

Given the extent to which disadvantage persists in Aotearoa New Zealand, a step-change in public accountability settings is required, rather than incremental improvements. To effectively tackle complex, long-term issues like persistent disadvantage and promote wellbeing for all in Aotearoa New Zealand, now and in the future, there are three critical gaps in the accountability system that must be addressed:

- weak direct accountabilities for ministers and the public service in addressing persistent disadvantage and the needs of future generations;
- the neglect of te Tiriti o Waitangi as a foundational constitutional document; and
- settings that constrain ongoing learning and more innovative and effective ways of addressing persistent disadvantage, including relational, collective and trust-based approaches.

Finding 11

The gaps in the accountability system contribute to the short supply of the types of approaches that evidence shows can provide more effective joined-up assistance to people experiencing persistent disadvantage. These centrally enabled, locally led, whānau-centred approaches are under-resourced. Those that exist often struggle to meet the level of need and aspirations within communities.

Finding 12

The gaps in the accountability system arise from the interplay of features that strongly incentivise certain ways of working. These features include:

- siloed decision making and vertical accountability limiting collective action on complex issues;
- narrow, transactional contracting approaches, curtailing responsiveness to needs and the ability to adapt to changing contexts;
- entrenched risk aversion working against innovation and learning; and
- a lack of investment in the necessary infrastructure constraining collaboration.

Recommendation 10

Commission a first-principles review of public accountability
The Government, with Tiriti partners, should commission an independent, first-principles review of public accountability settings. This review should consider the nature of the relationship between the public, Parliament, and central and local government, and the principles and settings that would best support those relationships, underpin long-term wellbeing, and ensure effective shared accountability.

The objective of the review should be to develop a more responsive, relevant, and accessible public accountability system that builds trust and empowers people – particularly those experiencing persistent disadvantage, who are not well served by current accountability settings. It should clarify who is accountable to whom, what they are accountable for and why, what information is needed, the mechanisms for providing information, and appropriate remedies if accountability is not upheld.

Recommendation 11

Progress more immediate public accountability policy work
The Government should progress more immediate public accountability policy work by commissioning Treasury, along with Tiriti and local partners, to lead a cross-agency policy work programme on public accountability. This programme would also include drawing up the terms of reference for the independent review outlined in Recommendation 10. The scope for this work programme could include:

- incorporating more diverse and collective views of accountability into our policy settings, building on He Ara Waiora and the advice provided by Haemata Limited (2022b) to the Office of the Auditor-General on Māori perspectives on accountability;
- strengthening the role that Independent Crown Agencies and Officers of Parliament (such as the Human Rights Commission, the Office of the Auditor-General, and the Productivity Commission) have as part of the public accountability ecosystem to better align with the Public Finance Act 1989 and the Public Services Act 2020;
- increasing resourcing for parliamentary select committees as a key forum for public accountability;
- evaluating the degree to which the collective accountability arrangements for Interdepartmental Executive Boards are working as intended, and recommending change as needed.

Recommendation 12

Instruct the Productivity Commission to undertake a follow-up review
The Government should instruct and resource the Productivity Commission to undertake a follow-up review of progress on the recommendations of this inquiry within three years, to determine whether Aotearoa New Zealand is making progress towards reducing persistent disadvantage, or if more radical change is needed.

Recommendation 13

Introduce a Social Inclusion Act

The Government should introduce a Social Inclusion Act alongside, and complementary to, the Child Poverty Reduction Act 2018. The primary purpose of the Social Inclusion Act would be to require the Government of the day to state its short- and long-term objectives towards reducing persistent disadvantage in measurable terms, and to explain how it proposes to meet those objectives (see also Recommendation 8).

Recommendation 14

Commission a programme to support locally led, whānau-centred and centrally enabled initiatives

The Government should commission a programme of policy work – led by the Social Wellbeing Agency and Te Puni Kōkiri on behalf of the Social Wellbeing Board – aimed at enabling and sustaining more locally led, whānau-centred initiatives that directly support people's autonomy to make changes in their lives. This work, which should be in collaboration with community partners, will require resourcing for both agencies and community partners and should develop proposals which include:

- mandating a central steward to oversee and guide the national ecosystem of locally led, whānau-centred initiatives, and to support two-way accountability between communities and the central government;
- appointing a lead agency responsible for convening central government agencies and working with key stakeholders across the motu to drive a whole-of-government approach to policy work on locally led, whānau-centred and centrally enabled approaches to improving wellbeing and breaking the cycle of persistent disadvantage;
- developing and resourcing effective "backbone" support so that core project management, data collection and reporting capabilities are available to each initiative, and they are able to embed ongoing learning (see Chapter 6);
- developing monitoring, evaluation and learning approaches that are proportionate to the quantum of funding and risk involved and connected into a wider learning system;
- introducing eligibility and accountability settings and clarifying decision rights to ensure public funds are used appropriately, but do not excessively constrain the cross-cutting nature of locally led, whānau-centred approaches. Such eligibility criteria would include appropriate endorsement that eligible organisations authentically engage with and are accountable to their respective communities and, in particular, those people in their communities experiencing persistent disadvantage;
- committing to long-term funding, provided ongoing effectiveness and/or improvement can be demonstrated; and
- dovetailing with other system transformation efforts such as Social Sector Commissioning to provide opportunities for testing and learning what works.

Recommendation 15

Strengthen social sector commissioning
The Government should strengthen the mandate, or establish a functional leadership role, for social sector commissioning across government under the provisions of the Public Service Act 2020. We endorse the Social Sector Commissioning Action Plan to address the centralised power imbalances in the public management system by making the commissioning of services and flow of resources into communities more collaborative between funders and providers.

Enable a public management system that learns and empowers community voice

Finding 13

Learning in the public management system tends to be ad hoc and concentrated within central government agencies. The system does not collect the performance information it needs, due to a lack of demand for monitoring, evaluation, research and learning, as well as a lack of capability.

When learning does take place, it often occurs at the agency level, far from the people doing the work, and long after an actual intervention. This means the people doing the work do not have timely access to the information they need to learn and improve.

Finding 14

The learning system needs to be locally led, whānau-centred and centrally enabled, like the most effective approaches to providing assistance to people in persistent disadvantage. To do this, it must:

- invest in learning by doing and understand the lived realities of individuals, families, whānau, and communities experiencing persistent disadvantage and what matters to them;
- support the system to undertake collective sense-making to learn, decide and act together at different levels; and
- include a strong leadership and stewardship function that creates a mandate for the learning system shifts required, and to support central government to enable more of what works.

Finding 15

An overly narrow emphasis on what the system has delivered to individuals, families, whānau, and communities (such as services) – especially when determined by proxy measures in administrative and survey data – is simplistic and can lead to stigmatising views of people and their experiences.

Finding 16

To support the learning system to work on the ground, the public management system needs to:

- recognise that individuals, families, whānau, and communities know what matters for them;
- invest in learning how to strengthen the system at all levels;
- actively involve individuals, families, whānau and communities in the innovation and learning process; and
- measure the wellbeing impacts that matter for individuals, families, whānau, and communities.

Finding 17

To support a shift to two-way learning and accountability between communities and central government, the system needs to:

- develop collective learning mechanisms for communities and central government to make sense of what is learned;
- create the right governance that includes national-level and community-level representatives; and
- build stronger connections with communities to underpin both of the above.

Finding 18

An effective learning system needs six key components: knowledge generation; knowledge use; leadership; accountability, capability and capacity. Some of these components are missing, and others need strengthening. A leadership function is needed to ensure all six key components are present, at all levels of the public management system, and are supporting a system that is locally led, whānau-centred and centrally enabled.

Finding 19

Key elements for government-wide policy that would build learning capability and capacity in learning across the public management system are:

- clear requirements and standards for how the learning system should operate;
- a review function to monitor whether central government is enabling learning and improvements are occurring; and
- a separate centre of excellence to support the public management system to share expertise, knowledge, and facilitate learning across all levels of government and with communities.

Finding 20

Aotearoa New Zealand needs to expand the measures used to understand the patterns and nature of persistent disadvantage by developing a broader range of "being left out" measures (in particular, social connection, discrimination, sense of identity and belonging, and community participation) and longitudinal information to understand persistent disadvantage across the life course and between generations.

In particular, the learning system needs to be able to support the public management system to anticipate the future needs of individuals, families, whānau, and communities.

Improving existing data and evidence will be needed to support the implementation of a number of the recommendations made by this inquiry. These include supporting the setting out of wellbeing objectives; measuring levels of material and non-material wellbeing as part of establishing a social floor; and measuring changes in persistent disadvantage, which is part of the Social Inclusion Act.

Recommendation 16

Resource better community engagement
The Government should resource the Social Wellbeing Board to ensure Tiriti partners and community stakeholders can be active partners in development, decision making, implementation and learning, in relation to policies and programmes to reduce persistent disadvantage.

Recommendation 17

Create a leadership and stewardship function for learning and improvement
The Government should create a leadership and stewardship function to set requirements for learning and improvement in the public management system and mandate an appropriate agency. The requirements of this function should include:

- ensuring the voices of individuals, families, whānau, and communities experiencing disadvantage are used to inform what support and help is needed and how it should be provided;
- supporting the public management system to innovate, test and adapt to find out what works to break the cycle of persistent disadvantage;
- tracking the adoption of new systems settings, behaviours and practices that prioritise equity and support the changes needed on the ground in whānau and communities;
- ensuring the public management system acts in a timely manner on what is being learned – for example, by adapting services, sharing learning where relevant, removing any obstacles, or creating new services to meet unmet demand; and
- supporting the public management system to anticipate needs across the life course and between generations so that government can do more to prevent persistent disadvantage from occurring, instead of just addressing it when it does happen.

Recommendation 18

Establish a government-wide learning policy
To strengthen the learning system the leadership and stewardship function should:

- establish a government-wide learning policy;
- specify requirements and standards (or alternatively, guidance) for how the learning system should operate and to guide good practice for agencies;
- establish a review function to monitor whether the public management system is enabling learning; and
- create a centre of excellence to provide expertise, share knowledge, and facilitate learning across all levels of government and with communities.

Recommendation 19

Invest in the capability and capacity of the learning system
The Government should invest in the capability and capacity of the learning system, including:

- the development of practice-led learning to support new ways of working;
- the learning system workforce, including learning partners; and
- the structures and support needed to help the system check whether its programmes remain meaningful.

Recommendation 20

Invest in data collection

The Government and government agencies should invest in data collection for measuring wellbeing and disadvantage over the life course, between generations, and within communities, including taking the following actions.

- Commit to long-term investment in the Living in Aotearoa survey (or equivalent surveys) and the Integrated Data Infrastructure, to expand its measures (for example, a broader range of "being left out" measures – particularly about social connection, discrimination, sense of identity and belonging, and community participation) and set up longer-term panels to allow wellbeing and disadvantage to be measured over the life course and between generations.
- Resource Statistics New Zealand, in collaboration with others, to prioritise work programmes that capture community-level data. This could include improving existing surveys and using existing government administration data to provide more detailed information about persistent disadvantage among specific communities (for example, by ethnicity, location and/or age), or by working with communities to help them collect their own data and information.

Commonly used terms

Term	Description
Assumptions	Assumptions are the things that are generally accepted to be "true" but are usually based on theory, rather than facts. These "assumptions" are shaped by our history, our values and our cultural background.
Capabilities	The ability of a person to convert a set of means (such as resources, skills, attitudes) into a life they find fulfilling.
Central Agencies	In the New Zealand public sector, the Central Agencies provide overall leadership for the public sector. They include Te Kawa Mataaho Public Service Commission (PSC), the Treasury and the Department of the Prime Minister and Cabinet (DPMC).
Colonisation	Colonisation is the process of actively settling (or setting up a colony) away from one's place of origin and establishing control over the indigenous people of that place. Typically, it involves mass movement of a population into an area and results in the original, or indigenous, inhabitants being outnumbered and overtaken, with the colonisers extending their system of control and governance into the new colony. The colonisation process is inextricably linked to the international legal principle referred to as the "Doctrine of Discovery". Under this doctrine, when a European nation discovered new lands, it automatically gained sovereign and property rights over the non-European peoples, even though indigenous nations and people were already occupying and using the land (Miller et al., 2010, p. 3). This legal precedent was acknowledged by other European countries and was used by England to colonise several countries, including Aotearoa New Zealand (Haemata Limited, 2022a, p. 1).
Commissioning	Commissioning refers to the interrelated activities, including (but not limited to) consulting, planning, engagement, funding, procurement, monitoring and evaluation that need to be undertaken through third-party providers to ensure individuals, families, whānau and communities who need support get what they need for their wellbeing (Ministry of Social Development, 2022).
Deprivation	The lack of access to essential goods and services required to participate in activities that are considered part of everyday life in Aotearoa New Zealand.
Devolve	The transfer or delegation of power (and funding) to a lower level of government, especially from central government to local or regional administration. Can also involve devolving to individual entities, such as non-governmental organisations (NGOs) or individuals.
Disadvantage	Disadvantage (mauri noho or languishing) is not simply income poverty or low income, but rather the absence of mauri ora. Our definition of disadvantage sets out three domains that align with the absence of mauri ora: • being left out (excluded or lacking identity, belonging and connection); • doing without (deprived or lacking the means to achieve their aspirations); and • being income poor (income poverty or lacking prosperity).
Equity	Equity refers to fairness and justice and is distinguished from equality. Equality means providing the same to all, equity means recognising that we do not all start from the same place and must acknowledge and make adjustments to imbalances.
Government	A group of people with the authority to govern a country or state.

Term	Description
He Ara Waiora	A tikanga framework that conceptualises a Māori perspective on wellbeing.
Intergenerational disadvantage	Persistent disadvantage that occurs across the life course of an individual or family can spill over to the next generation as intergenerational disadvantage. That is, children born into persistent disadvantage may get stuck there into adulthood.
Mauri ora	A Māori concept of wellbeing that roughly equates to "thriving". Mauri is sometimes referred to as a "life force".
Mental model	The personal internal representation of reality based on life experiences and beliefs through which we interact with the world.
Mindset	An attitude or approach through which a person or group interprets and responds to problems and situations.
New Public Management (NPM)	New Public Management is a public sector management philosophy that aims to improve the efficiency and effectiveness of public services by adopting private sector management practices.
Non-governmental organisations (NGOs)	A non-profit organisation that operates largely or entirely independently of government and can operate at a local, regional, national or international level. NGOs can also be affiliated to iwi, hapū and Māori groups, or adopt kaupapa Māori approaches. The goals of NGOs are often focused on creating social and/or economic value for wider communities (Ministry of Social Development, 2022).
Paradigm	A paradigm is a set of concepts and theories that form a way of thinking shared by a group of people. In the context of this inquiry, it is the shared values and assumptions underlying policy goals, the nature of policy problems, and the instruments to address them.
Persistent disadvantage	Disadvantage that is ongoing for two or more years.
Place-Based Initiatives (PBIs)	Place-Based Initiatives in New Zealand were launched in 2016 and are locally led, collaborative approaches to address social, economic, and environmental challenges in specific geographic locations. Currently there are two PBIs – Manaaki Tairāwhiti and the South Auckland Social Wellbeing Board. These initiatives involve community members, government agencies, businesses, and other stakeholders working together to develop and implement strategies that are tailored to the unique needs and strengths of the particular place. The goal of PBIs is to improve outcomes and opportunities for people living in those places by leveraging local assets and resources, promoting community engagement and participation, and aligning government policies and programmes with local priorities.
Power dynamics	This describes how power affects a relationship between two or more people, or between different groups of people.
Public accountability system	The Auditor-General describes "public accountability" as being about public organisations demonstrating to Parliament and the public their competence, reliability and honesty in their use of public money and other public resources. The "public accountability system" helps provide the "social licence" needed for the public management system to deliver public services. The public accountability system also supports the development of trust within the public management system by establishing expectations for people (and teams of people), providing the necessary checks and balances, and encouraging proper behaviours and cultures.

Term	Description
Public management system (the system)	By "public management system", we mean: • the (evolving) set of organisations within government, and their functions and mandates; • the policymaking process, and the public policy settings (such as legislation, regulations and non-statutory frameworks) that are created and maintained by the public service; • system-wide governance, accountability and funding arrangements; and • how the public service works together through relationships and partnerships to deliver results for Ministers and the public, including for specific populations. More broadly, this also includes the influence the public management system has on the private sector, communities, families, whānau and individuals. Sometimes also referred to as the system of public administration, or the public sector.
Public sector	We use the term "public sector" to mean the government of the day and its agencies, but for the purpose of this report, not local government, and its agencies.
Public value	Public value refers to the collective benefit or positive impact that a government, public organisation, or public policy provides to society as a whole. It is the value created for citizens and communities through the delivery of public goods and services, such as education, healthcare, transportation, environmental protection and public safety. Public value is often measured in terms of outcomes and impacts, such as increased access to services, improved quality of life, and economic growth. It is shaped by factors such as public needs, preferences, and priorities, as well as political and budgetary constraints. Public value is a key concept in public management and governance, and it highlights the importance of public organisations and policies in promoting the common good and enhancing social welfare.
Racism	Racism refers to a belief or attitude that one race or ethnicity is inherently superior or inferior to another and therefore deserves different treatment. It can manifest in various forms, including prejudice, discrimination, bias, stereotyping, and systemic oppression, and it can be expressed through individual actions, institutional policies, or societal norms. Racism is a harmful and pervasive social problem that can lead to unequal opportunities, marginalisation, and the mistreatment of individuals and groups based on their race or ethnicity.
"Relational approach" to social sector commissioning	This is about shifting the nature and approach to commissioning conversations towards building relationships based on respect and trust. A relational approach to commissioning places trusted, meaningful relationships at the centre to ensure activity delivers wellbeing outcomes for individuals, families, whānau and communities (Ministry of Social Development, 2022).
Silos	This describes a situation where individual government institutions focus more on their own goals and objectives, rather than collective ones. This can lead to limited coordination and collaboration.
Social contract	A social contract refers to an actual or hypothetical agreement between government and the people, which defines the rights and duties of each.
Social floor	A nationally defined set of basic guarantees that are aimed at preventing or alleviating income poverty, deprivation and social exclusion.

Term	Description
Social inclusion	Social inclusion is when New Zealanders can live fulfilling lives. Individuals, their families, whānau and communities have a strong sense of identity, can contribute to their families and communities, and have the things they need to realise their aspirations and nourish the next generation.
Social norms	Social norms are the implicit, unwritten rules, beliefs, attitudes and behaviours that are considered acceptable in a particular social group or culture. Norms provide us with an expected idea of how to behave and function to provide order and predictability in society.
Social, economic and political context	"Context" is broadly defined to include all social, economic and political mechanisms that influence the exposure and vulnerability to persistent disadvantage. This includes the labour market; the educational system; political institutions; and other cultural and societal norms and values.
Strengths-based	Strengths-based approaches involve identifying and building upon an individual's or community's strengths and assets, rather than just trying to fix their weaknesses or deficiencies. It is an empowering approach that encourages individuals and communities to take an active role in the process of change and to focus on what they can do, rather than what they cannot do. Strengths-based approaches can be applied in a variety of settings, such as healthcare, education, social services and community development. The goal is to create positive change and promote wellbeing by leveraging the strengths and resources that already exist within individuals and communities.
Subsidiarity	Subsidiarity is a political principle that suggests that decision making should be decentralised to the lowest possible level of organisation or authority that is capable of making an effective decision. In other words, it is the idea that a central authority should only perform tasks that cannot be performed effectively at a more local level.
System barriers	In the context of this inquiry, this describes the factors (such as explicit or implicit rules, laws, policies, values, assumptions and mindsets) that show up in the public management system and make it difficult or impossible for persistent disadvantage to be effectively addressed.
System levels	A multi-level perspective of systems sees process and functions at different scales. Fine-scale relationships and interactions happen at a micro level, mid-scale at a meso level and large-scale at a macro level.
System settings	The set of "rules" or guardrails for the design and operation of the public management system.

Term	Description
Te Tiriti o Waitangi	A founding constitutional document. There are both Māori and English language versions of the treaty, with critical differences between these two versions. We acknowledge these differences and that the Māori text best reflects what was discussed with and understood and agreed to by Māori (Waitangi Tribunal, 2014). Following the Waitangi Tribunal (2014) we use "te Tiriti o Waitangi" or "te Tiriti" to specify the reo Māori text. When referring more generally to "the treaty" or an interpretation encompassing both texts we use the English word and a lowercase "t". This report uses a range of terms that are commonly used in relation to te Tiriti, which are defined below: • honour – fulfil or keep an obligation or agreement; • uphold – confirm or support; • give effect – put into practice/make operative; • embody – give a tangible or visible form; and • embed – make an integral part of. "Honour" and "uphold" tend to be used in relation to fulfilling or supporting te Tiriti and its principles, and "give effect", "embody" and "embed" relate to operationalising te Tiriti.
The Office of the Auditor-General (OAG)	The OAG carries out strategic audit planning, sets policy and standards, appoints auditors and oversees their performance, carries out performance audits, provides reporting and advice to Parliament, and carries out inquiries and other special studies. Staff in the Office are employed by the Auditor-General, an Officer of Parliament.
Whānau	Whānau are self-defining and are different from the nuclear family or general understandings of extended family. The concept and practice of whānau is linked to a collective responsibility (with individual contributions) in a reciprocal relationship that is distinctly Māori. Whānau are the foundation of Māori society and the fundamental agent of intergenerational change.
Whānau-centred approaches	Whānau-centred approaches are culturally grounded, holistic approaches focused on improving the wellbeing of whānau as a collective. They can include initiatives but can also be applied to policies and systems. They aim to shift attention from individuals to collectives and individuals as members of those collectives, from sectoral interventions to intersectoral collaboration, from crisis intervention to capability building, and from process indicators to measures of outcome.
Whānau ora	Whānau ora as a concept and practice assumes that the whānau group has the potential to bring about positive changes for individual whānau members. The kaupapa of Whānau ora is about empowering whānau to have the voice and choice to own their future.
Whānau Ora initiative	The Taskforce on Whānau-Centred Initiatives in 2010 recommended the creation of the Whānau Ora initiative, as a key mechanism for government to enable whānau-centred approaches. It comprises a group of whānau-centred initiatives and includes the Whānau Ora commissioning approach, which involved Te Puni Kōkiri contracting three commissioning agencies to invest in whānau-centred services throughout the country. The providers of these services work with whānau and support them to achieve their goals and aspirations. Whānau Ora services are available to all people, not just Māori.

Appendix A: Well-being for Future Generations (Wales) Act 2015 – Further details

Key features of the Well-being for Future Generations (Wales) Act 2015

The Well-being of Future Generations (Wales) Act 2015 (the Welsh Act) creates (or strengthens) a series of commitment devices designed to protect and improve the wellbeing of current and future generations (Boston et al., 2019; Davidson, 2020). These devices include:

- the establishment of various statutory principles and goals;
- a requirement for public bodies to "carry out sustainable development" and to do so in accordance with specified "ways of working" (see Table 8);
- a requirement for ministers to set wellbeing objectives and regularly assess their performance; and
- the creation of new institutional mechanisms to provide advice, monitoring and reporting.

Essentially, the Welsh Act is about ensuring that the decisions taken today are not at the expense of the wellbeing of future generations, and that those generations will be able to meet their own needs (Future Generations Commissioner for Wales, 2020).

The Welsh Act defines seven wellbeing goals for improving the social, economic, environmental and cultural wellbeing of Wales. It also details the ways public bodies need to work to ensure they take into account the impact of their decisions on people living their lives in Wales in the future.

Table 9 Guidance for public bodies on wellbeing work

"Ways of working"	Description
Pursue wellbeing goals	Support prosperous, resilient, healthier, more equal, globally responsible and cohesive communities; and a vibrant culture and thriving Welsh language.
Acting in collaboration	The Welsh government created 19 local public service boards made up of local public bodies, to improve the economic, social, environmental and cultural wellbeing of their localities.
Objectives need to be integrated	Decisionmakers need to consider the impact of decisions on the seven goals and on other public bodies.
People being served need to be involved	Public services boards are required to conduct assessments of wellbeing in their area. They need to involve people interested in achieving the goals, and those people reflect the diversity of their area. These boards create local wellbeing plans that set out the priorities and actions for the next five years to improve the economic, social, cultural and environmental wellbeing in their area.
Decisions need to safeguard the long term	Decisions made today need to safeguard and enhance wellbeing in the future.
A focus on prevention	Actively work to prevent problems from getting worse or from appearing in the first place.

The Welsh Act requires public bodies to explain, in their annual reports, why they feel their objectives will help them achieve the wellbeing goals and show progress in meeting their objectives. The Act also provides for a Future Generations Commissioner (Commissioner) to advocate for future generations.

Future Generations Commissioner

The Welsh Act sets up the role of a Future Generations Commission and Commissioner. The Commissioner is appointed by Ministers of the Government in power and is responsible for promoting sustainable development, acting as a guardian for future generations, encouraging public bodies to think in the longer term, and monitoring and assessing the objectives of the Welsh Act. The Commissioner helps public bodies to think about the long-term impact of their decisions by providing advice, reviewing how they are taking account of the long-term impact of their decisions, and making recommendations following a review (Welsh Government, 2015b).

The Commissioner's mandate for implementing intergenerational equity is explicit in the Welsh Act and in the position's stated purpose. The Commissioner is supported by an office (Office of the Future Generations Commissioner for Wales) with a staff of approximately 25. The responsibilities of the Office include monitoring the Welsh Act, publishing annual reports, and supporting and challenging public bodies in the execution of the Act.

The Commissioner is also supported by an advisory panel, which provides advice on the exercise of the Commissioner's functions.

Impact

A comprehensive assessment of the impact of the Welsh Act and its implementation, including the influence of the Commissioner, has not been possible as part of this inquiry. However, we set out below some of the positive impacts that have been reported by others, to provide some insight into how the Act has started to influence policymaking, culture, mindsets and ultimately decisions.

- According to Boston et al (2019), even after only three years, the Act contributed to some innovative thinking in a number of policy areas (for example, in relation to the nature of "prevention" and how a focus on prevention, as required by the Welsh Act, can be incorporated into budgetary policymaking). The Commissioner and her Office have established themselves as a significant contributor to public debate in Wales.
- In her most recent Annual Performance Report, the Future Generations Commissioner for Wales (2022) highlighted the progress that has been made with organisations outside of the public bodies, such as businesses who are also embedding wellbeing in the everyday decisions they make. She noted there are fewer frustrated champions, and the wellbeing goals are seeping into the DNA of those working in the public sector. But she also commented on needing "to fight against the status quo and our learnt norms of how the World should run" (p. 4).

Other examples of the influence and impact of the Commissioner mentioned in the Annual Report (ibid.) include:

- producing the first comprehensive evidence base in Wales for how a Universal Basic Income could eliminate poverty and help Wales to reach its wellbeing goals. This informed the Welsh Government's commitment to pilot a basic income for caregivers;

- along with others, calling for the review of General Certificates of Seconday Education (GCSEs) in Wales – reflecting the challenge that the examination system needs to be redesigned in line with the Welsh Act and long-term trends; and
- influencing policy and budgetary decisions on the Welsh Government's Net Zero Plan. The new budget included increased spend on climate change. The Commissioner's advice and challenge contributed to the declaration of a nature emergency in Wales, new decarbonisation targets, and the establishment of a new Climate Ministry.

In their review of the implementation of the Act, the Welsh Parliament Public Accounts Committee (2021) commended the positive public profile that the Commissioner and her office had developed, and the expertise on sustainable development and the support and advice they provided to public bodies and the Welsh Government. But the Committee also commented on the lack of resourcing for the office. The review found tangible progress and much goodwill, but it identified 12 areas in which implementation of the Welsh Act could be improved.

- Public bodies did not do enough to build awareness and understanding among their service users of the shift to sustainable development across the public services.
- Public bodies did not do enough to change the culture of their own organisations to align with the principles of the Welsh Act.
- There was not enough investment by participating organisations in the capability and culture change needed to support the model and make the most of contributions by the community sector.
- The lack of dedicated (additional) funding for the administration of public service boards limited their effectiveness.
- Separate and misaligned organisational funding cycles and approaches, and a lack of dedicated resources for actions, have constrained wellbeing plans.
- The Commissioner role was not sufficiently resourced to facilitate the model.
- The public service boards need to be aligned and consolidated with other collective impact bodies in the system.

According to Siebert et al. (2022), a central takeaway from comparing different countries' attempts to enhance wellbeing economy policies, including the Welsh example, is that the impact depends on:

- the legal basis it builds on, the national political context and the power and agency of different institutions involved in the decision, and
- the strength of the connection between institutions and citizens.

Overall, there was a strong sense in the review that the model is worth pursuing, but there are some pointed lessons about the need to fully fund and support the model; to ensure there is a clear authorising environment for investment shifts; and to have patience and commitment in realising the returns (Review into the Future for Local Government, 2022). The Welsh Government has since provided a response to the Public Accounts Committee, as well as to the Commissioner and the Auditor-General (Welsh Parliament Public Accounts Committee, 2021).

Appendix B: Public consultation

Submissions

Submissions were made on a consultation paper the New Zealand Productivity Commission published in June 2021 to help shape the terms of reference for the inquiry. Substantive submissions are listed here and given a plain number in order of receipt. Other submissions were made via an online survey and are not published on our website.

Submissions on the inquiry's interim report are also listed here and numbered with a 'DR' prefix. All submissions are available for viewing on our website.

Individual or organisation	Submission number
Adelphi Motel	075
Adrian Hobson	011
Advocacy Anglican Care South Canterbury	037
Age Concern New Zealand	067
Ako Aotearoa	085
Alastair Robertson	003
Alec Kynaston Waugh	DR87
Alex Dyer	052
Alex Penk	DR143
Anonymous	008
Anonymous	019
Anonymous	071
Anonymous and unpublished	030
Anonymous	DR100
Anonymous	DR152
Aotearoa New Zealand Association of Social Workers	057, DR141
Aotearoa New Zealand Evaluation Association	DR132
Asian Family Services	026, DR119
Association of Salaried Medical Specialists	DR153
Atamira / Platform Trust	053, DR122

Individual or organisation	Submission number
Ben Gray, Associate Professor	DR95
Ben Wybourne	063
Bev James	043
Challenge 2000	073
ChangeMakers Resettlement Forum	DR150
Child Poverty Action Group	048, DR103
Christopher Boxall	072
Citizens Advice Bureau	DR130
COMET	054
Comfort Christchurch	081
Community Housing Aotearoa	060
Community Networks Aotearoa	DR142
ComVoices	049
David King	DR155
David Robinson	042
David Sinclair	074
David Stuart and Tom Eats	DR137
Deborah Robertson	017
Derek Gill	DR148
Digital Equity Coalition Aotearoa	DR136
Don McKenzie	039
Douglas G Higgins	082

Individual or organisation	Submission number
Enoch Qualls	034
Environment Communications Ltd	035
FinCap	025, DR135
Gary Wills	009
Girol Karacaoglu	DR113
Graeme Dingle Foundation	061
Grant Beaven	005
Grant Nelson, Trustee of The Gama Foundation	012
Green Party of Aotearoa New Zealand	059
Hamilton City Council	077
Hauraki District Council	022
Helen Gilby	DR101
Housing Foundation	027
IHC New Zealand	014
Imagine Better	016
Inspiring Communities	DR126
Institute of Community Psychologists Aotearoa	DR98
Isabella Cawthorn	065
Jade Speaks Up Trust	DR90
James Soligo	DR107
Jason Ashton	DR96
Jason Duncan	DR102
John Cody	DR127
Joseph Newdick, Rakau Ora	004
Kore Hiakai Zero Hunger Collective	DR118
Leon Iusitini	DR93
Leonie Tolua	DR146
Lesley Aabryn	DR147
Linda Hill, Coalition for Equal Value Equal Pay	DR88

Individual or organisation	Submission number
Local Government New Zealand	DR125
Luis Arevalo	DR116
M A Mancer	015
Manawatu District Council	DR112
Marci Rowe	055
Maternal Care Action Group NZ	086
McGuinness Institute	DR154
Mike Lear	029
Mike Styles	084, DR145
Naomi Pocock	007
New Zealand College of Midwives	063
New Zealand Council of Christian Social Services	047, DR120
New Zealand Council of Trade Unions	DR134
New Zealand Medical Association	028
New Zealand Nurses Organisation	DR140
New Zealand Public Service Association	DR138
New Zealanders for Health Research	DR133
Ngarangi Kanewa Stokes	066
Office of the Children's Commissioner	080
Office of the Auditor-General	DR114
Ōpōtiki District Council	DR123
Parents of Vision Impaired (NZ) Inc	DR97
Patty Towl	020
Paula Cross	006
Payal Ramritu	023
Dr Peter Winsley	DR131
PGF Group	078
Phillip Coghini	068
Platform Trust	053

Individual or organisation	Submission number
Poverty Free Aotearoa	DR139
Pringle Group	070
Professor Boyd Swinburn	018
PwC Aotearoa	050
R J Skinner	036
Rangitīkei District Council	DR115
Regional Arts Network of Aotearoa	032
Rewiring Aotearoa New Zealand	DR128
Royal Australasian College of Physicians	039
Royal Australian and New Zealand College of Psychiatrists	024
Ruapehu District Council	021
Ruth Herbert	069
Dr Sandy Callister	DR89
Shar Gardiner	058
Shenagh Gleisner	DR104
Six former members of Welfare Expert Advisory Group	044
Social Service Providers Aotearoa	079, DR129
SociaLink	033
Sue Barker Charities Law	DR105
Susan S	DR106
Taituarā	DR121
Te Hiringa Hauora	031

Individual or organisation	Submission number
Te Rūnanga o Ngāti Whātua	056
Te Whatu Ora Hauora a Toi Mental Health & Addiction Services Consumer Consultant Group	DR108
The Gama Foundation	DR94
The Helen Clark Foundation	001
The Methodist Alliance	051, DR117
Tim Cadogan	041
Tim Hazledine, Emeritus Professor	DR144
Tōfā Mamao Collective	DR156
Tokona Te Raki and BERL	010
Trina Sellers	002
UK2070 Commission	DR91
Valerie Dewe	DR110
Waikato Wellbeing Project	064, DR124
Waipa District Council	040
Warwick Alexander	DR109
Wellbeing Economy Alliance Aotearoa	DR151
Wendy Dowling	DR99
Wesley Community Action	045
Xero	038
Youthrive NZ	076
YWCA Auckland	146

Engagement meetings

Abuse in Care – Royal Commission of Inquiry
Accident Compensation Corporation
Action Station
Aotearoa New Zealand Evaluation Association
Ako Aotearoa
Alwyn Poole, Villa Education Trust
Professor Arthur Grimes, Victoria University of Wellington
Asian Family Services
Auckland City Mission
Ben Preston, Hutt City Council
Birthright
Brian Easton
Business New Zealand
Carolyn Gullery
Centre for Evidence and Implementation
ChangeMakers Resettlement Forum
Child Poverty Action Group
Christchurch Health and Development Study
Emeritus Professor Claudia Scott, Victoria University of Wellington
Community Housing Aotearoa
ComVoices
Cooperative Business New Zealand
Crow's Nest Research
Danny Mollan
Professor Darrin Hodgetts, Massey University
Department of the Prime Minister and Cabinet
Derek Gill
Federation of Māori Authorities
Education Review Office
E Tu
FinCap
FIRST Union
Professor Francis Collins, The University of Waikato
Gael Surgenor
Professor Gary Hawke, Victoria University of Wellington
Adjunct Professor Girol Karacaoglu, Victoria University of Wellington
Gissie Kai Rescue
Graham Scott
Dr Gretchen Good, Massey University
Growing Up In New Zealand Study
Health Promotion Agency
Helen Clark Foundation
Hikoikoi Kaumatua Ropu
Hikoikoi Management Ltd
Hoku Group
Hutt City Council
I Have A Dream Charitable Trust
ImpactLab
Inland Revenue
Inspiring Communities
Institute of Environmental Science and Research
Jane Higgins
J R McKenzie Trust
John Ryan, Controller and Auditor-General
Dame Juliet Gerrard, Prime Minister's Chief Science Advisor
Professor Jonathan Boston, Victoria University of Wellington
Joint Venture Family Violence and Sexual Violence
Karo Data Management
Kate Prickett, Victoria University of Wellington
Kinnect Group
Koi Tū
La Langa Fou Pacific Deputy Chief Executives
Lifting Literacy Aotearoa
Len Cook
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Ministry of Business, Innovation and Employment

Ministry for Culture and Heritage
Ministry of Education
Ministry of Health
Ministry of Housing and Urban Development
Ministry of Justice
Ministry for Women
Momentum Waikato
Ministry of Social Development
Motu Research
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New Zealand Council for Educational Research
New Zealand Council of Trade Unions
New Zealand Human Rights Commission
New Zealand Nurses Organisation
New Zealand Police
Oregon Department of Human Services
Office of the Auditor-General
New Zealand Red Cross
Professor Norman Gemmell, Victoria University of Wellington
Office of the Children's Commissioner
Office of the Parliamentary Commissioner for the Environment
Office of the Clerk
Oranga Tamariki
Pasifika GP Network
Pasifika Futures
Pia Andrews
Professor John Creedy, Victoria University of Wellington
Taranaki Council
Te Hiringa Mahara | Mental Health and Wellbeing Commission
Te Kawa Mataaho | Public Service Commission
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Te Rūnanga o Ngāi Tahu
The Southern Initiative
Tōfa Mamao Collective
Tokona te Raki/Māori Futures Collective
Statistics New Zealand
Tairāwhiti Community Voice
Te Puna Aonui
Te Puna Aonui – Te Pūkotahitanga
Te Puni Kōkiri
Te Ora O Te Whānau Iwi Technicians Group
The Cause Collective
The Family Centre
The Fono
The Howard League
The Southern Initiative
The Treasury
The Wise Group
UK2070 Commission
Unite Union
Vaka Tautua
Vanguard Consulting
Village Collective
Vodafone Foundation
Waikato Wellbeing Project
Wesley Community Action
Wellington City Mission
Whaikaha – Ministry of Disabled People
Whāngaia Ngā Pā Harakeke
Whole-of-Government System Improvement Team, Ministry of Social Development

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