



Article 1

Building a fair future for all

Introducing the 2019 series

At the heart of Kiwi values we believe in fairness, that everyone has the right to a fair go regardless of their personal characteristics, social condition, or access to wealth and resources.

We feel it is unjust when we hear about people who have less opportunity to get ahead, contribute and fulfil their potential, even though we may not know how to help them. We understand that everyone's current situation is different: some are wealthy, live in areas with more jobs and higher incomes, are part of the religious, political or ethnic majority, are smarter or better looking, don't have mobility challenges and have never suffered from chronic illness. Others are not as lucky.

This landscape of inequality is part of the reality of life. Inequities occur when these disparities spill over and erode opportunity. The idea that someone's postcode determines their ability to access health services, or that ethnicity affects their ability to get a job, or that gender could mean someone earns less for the same role: these cut to the heart of what New Zealanders think is right and good. ➔

By David Lovatt



David Lovatt is Deloitte New Zealand's national leader for the public sector. His passions lie in helping public sector organisations be more successful in a rapidly changing and dynamic environment. He does this by focusing on strategy and transformation, citizen and government outcomes, innovative services and new ways of working, and the growth of new public sector capabilities.

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Unfortunately in our society opportunity is not evenly distributed

Now, with the recent launch of government's first "wellbeing budget," we consider one of the greatest risks to successfully growing wellbeing for New Zealanders: that opportunities for greater wellbeing will fall inequitably across society, and that injustice extends beyond financial capital into the social, human and natural capital domains introduced by the Living Standards Framework.

What is the risk?

On average New Zealand is a prosperous, well-endowed country with a high quality environment and a high standard of living. Incomes tend towards the upper end of the OECD comparisons and people have access to warm, safe housing, clean water, education, employment, personal security, recreation, and social connectedness. Individuals can participate in our democracy, freely express their views and perspectives, and be supported in sickness, old age, or disability.¹

However the average can be misleading because of the great diversity between those who have more of each of these measures of wellbeing, and those who have less.²

New Zealand's prosperity and growth have historically been measured using gross domestic product (GDP) and the "average" measure of GDP divided by each person in the country (GDP per capita). This masks a wealth gap where some people are very rich and some very poor.³ The highest paid CEO in New Zealand earns about \$8.3 million a year compared to the full time minimum wage of about \$37,000.⁴ And when financial and physical assets are considered, the wealth inequality gap between the richest and poorest in New Zealand is \$1.7 million with 20% of households collectively holding about 70% of total household net worth.⁵

The inequality gaps become starker when we divide the population into smaller groups and compare between them. Between Māori and non-Māori; between old and young; female and male; urban and rural; incarcerated and free; homeless and housed.^{6,7,8,9,10,11} It would be reasonable to say that while New Zealand's prosperity is growing on average, many people and groups are not having the same experience of prosperity and growth as those who are well off.¹²

An inclusive society is one where fairness is built into our thoughts and actions. Inequities exclude members of our society from full participation and the meaningful lives they seek to lead.

These income and wealth inequalities are the reality we live in today. Wishing it weren't so won't make them go away. The state, and other actors such as communities, non-profits, and businesses, do attempt to address the effects of inequalities through social and income-based programmes such as housing, welfare payments, public health and disability services, but the results are far from perfect and sometimes make things worse by stigmatising beneficiaries.¹³

Nobody sets out to be left behind. Nobody designed intergenerational poverty into our society. Nobody meant for gender stereotypes to so significantly impact the roles that people play in work and family, or that pay gaps are so widespread and our children lack diverse role models in important areas such as parenting and work.

In our society, inequalities have spilled over to form systemic inequities that are unjust because they compromise the fundamental rights we believe all New Zealanders are entitled to.

We believe that everyone in New Zealand has the right to get ahead, to benefit from growth and prosperity, to be included, involved, employed, educated, healthy and active, and to live a fulfilling life. Inequity occurs when these rights can't be enjoyed due to factors beyond the control of the individual, either innate characteristics or circumstances they find themselves in. It compounds the inequality and it means that not every New Zealand can enjoy a fair go.

Why does this matter?

This government, and the one before it, have been pursuing under different names a similar agenda of investing for social wellbeing which recognises that financial and physical capitals are not the sole measures of economic success.¹⁴ The Living Standards Framework and the recent Living Standards Dashboard introduce social, human and natural capitals and invite investment and growth in all of these areas to achieve greater overall wellbeing as well as balance.^{15,16} Overall this work has been positively received^{17,18} albeit with some concerns around vagueness in the concepts^{19,20} affordability²¹ and some of the mechanisms used by Treasury to effect trade-offs between investments in the four capitals in the lead-up to the first wellbeing budget in May 2019.²²

On the face of it, investing for wellbeing has the potential to address some inequities by unlocking paths to prosperity that do not depend solely on financial or physical capital. If your view of wellbeing is more about living in a clean, green, healthy, natural environment than having financial means, then it may now be possible for that outcome to be achieved as government redirects some of its resources in that direction.

If social connectedness is more important to you than publicly-funded healthcare, the trade-offs enabled by the wellbeing budget could see an investment shift that builds communities but compromises on access to publicly funded healthcare.

Unfortunately the opposite is also true – that inequities in the financial and physical capital dimension have the ability to replicate and scale across the other three capitals, so that “poverty” is no longer just a financial measure but has its equivalents in the social, human and natural capitals as well.

Without consciously trying to do so, we may be locking inequities into our social system. But the possibility now exists through economic prosperity and a broader framing of wellbeing to use these new-found levers and direct our efforts towards inclusion and to right the balance.

An inclusive society is one where fairness is built into our thoughts and actions. Inequities exclude members of our society from full participation and the meaningful lives they seek to lead. Inclusion – like equity – is binary at the individual level, and it has no equivalent to the economic growth and prosperity averages that can be calculated at a population level. A door is only open or shut to an individual.

New Zealanders don't buy into inequities that operate like a drafting gate to opportunity, triggered on the basis of gender, ethnicity, income, location or employment status. A fair and just New Zealand could use wellbeing investments to enable a redistribution of the four capitals to address the inequities that divide us.

Without consciously trying to do so, we may be locking inequities into our social system



About this article series

Deloitte's State of the State New Zealand 2019 article series, produced in collaboration with our partners at Victoria University of Wellington, is an exploration of reducing inequities: different kinds of inequities, how each affects us, and what we can do to reduce inequities and build a fair future for all Kiwis.

In the last three years, our State of the State reports have explored the state's role to catalyse social impact through:

- Social investment (2016),²³
- Resilience (2017)²⁴, and
- Wellbeing (2018).²⁵

The state has an important role in our society to create an environment where positive changes can flourish, and people in business and community groups, families and societies, government agencies and non-profits, as well as individuals acting on their own, can lower the barriers to success and raise our aspirations around what's possible in today's society.

In the series of articles that make up this fourth State of the State New Zealand report, we will look at how we can build a fair future for all from a number of perspectives, through the lens of the opportunities we could realise and the solutions we could explore as a society. We will introduce research into the causes and effects of inequities, and look at the role of the state as a leader and catalyst of change.

The perspectives we'll use are based on the Social Investment Agency's wellbeing measurement approach of 12 domains²⁶ (see infographic), which in turn are based on the OECD's Better Life Index.²⁷

We'll also bring in the voices of ethnic groups, business and community stakeholders as they reflect their views on practical steps to reduce inequities. We will conclude with the path forward and recommendations that help all New Zealanders to benefit from greater wellbeing and prosperity.

New Zealand will be able to better realise its potential when all members of society are treated fairly and have opportunities to contribute to, and benefit from, increased wellbeing. As Kiwis we should feel empowered to combat inequities in all their forms, and take positive action wherever it is needed to build a fair future for all.

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Previous reports



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State of the State 2019

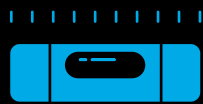
Framing inequity



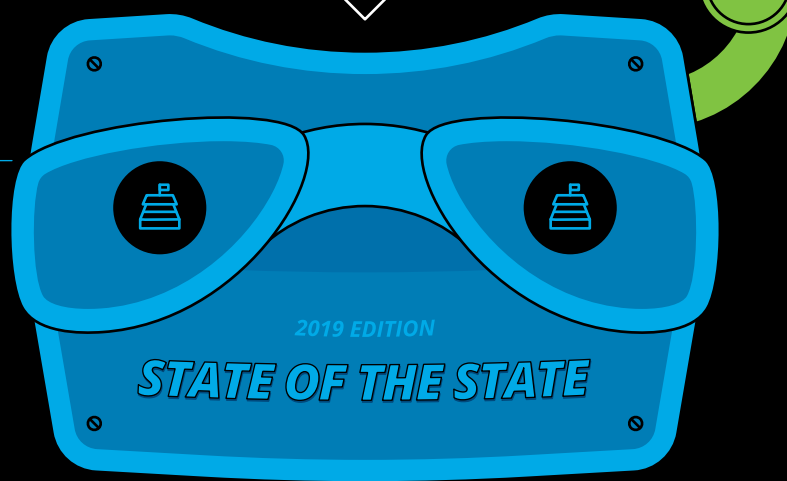
State of the State 2019 explores perspectives on how we can equitably grow wellbeing to build a fair future for all Kiwis



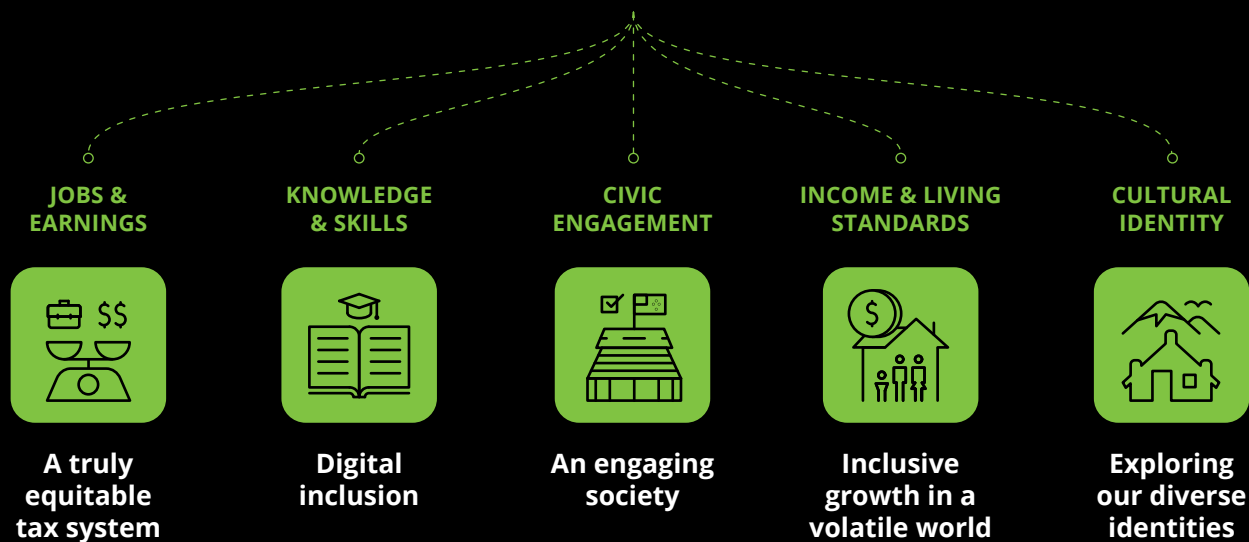
We look closely at the causes and effects of inequities in five of the twelve domains of wellbeing and the role of the state as a leader and catalyst of change



New Zealand will be able to better realise its potential when all members of society are treated fairly and have opportunities to contribute to, and benefit from, increased wellbeing



ARTICLE TOPICS



Our final article in the series will provide a path forward for government, business and the community to build a fair future for all in New Zealand

Endnotes

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Article 2

Addressing equity in intergenerational wellbeing

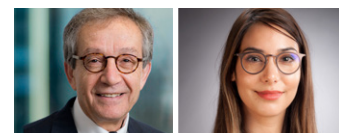
Valuing community perspectives

The promotion of wellbeing has long been the ultimate goal of public policy in some form or another. Individuals want to lead more fulfilled lives and governments want to make the right decisions to allow people to flourish.

Notions of what constitutes a 'good life' have often been bound up with the production and consumption of goods and services. However, in recent times, the preoccupation of public policy with income-based strategies has become more balanced, reflecting an extensive body of research highlighting the inadequacies of gross domestic product (GDP) as a measure of progress.¹

Naturally, people care about much more than their income and the consumption of goods and services; they care about other dimensions such as their health, education, feelings, rights, safety and relationships with other people. ➔

By **Girol Karacaoglu**
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Table 1: **Examples of evidence behind the Wellbeing Budget priorities**

Taking Mental Health Seriously	Improving Child Wellbeing	Supporting Māori and Pasifika Aspirations	Building a Productive Nation	Transforming the Economy
<p>Mental health In any year, one in five New Zealanders will have a diagnosable mental illness, with three-quarters of lifetime cases starting by the age of 25</p>	<p>Material hardship Around 150,000 children in New Zealand live in households experiencing material hardship</p>	<p>Living standards Māori and Pacific people rank low in most measures of wellbeing relative to the rest of the population</p>	<p>R&D expenditure New Zealand has low research and development (R&D) expenditure relative to OECD countries</p>	<p>Greenhouse gas emissions New Zealand has one of the highest per capita rates of greenhouse gas emissions in the OECD</p>
<p>Suicide rates New Zealand's suicide rate for young people is amongst the worst in the OECD</p>	<p>Health outcomes 41,000 children are hospitalised each year for conditions associated with deprivation</p>	<p>Income level disparities Māori and Pacific people have lower income levels, on average, than other groups</p>	<p>Future of work and automation 21 percent of current workforce tasks may be automated by 2030</p>	<p>Quality of waterways Waterways in our farming areas have markedly higher pollution than in catchments dominated by native vegetation</p>
<p>Homelessness One in 100 New Zealanders are homeless, based on the 2013 Census</p>	<p>Family violence New Zealand has high rates of family violence</p>	<p>Educational attainment Māori and Pacific people are less likely to attain higher educational qualifications than other groups</p>	<p>Productivity New Zealand's productivity is low relative to other OECD countries</p>	<p>Soil erosion Annual soil erosion of 720 tonnes per square kilometre is reducing our land's productivity and harming aquatic ecosystems</p>
<p>Young people in employment 12 percent of young people aged 15-24 years are not in education, employment or training</p>	<p>Crowded housing Over 40 percent of Pacific children and roughly 25 percent of Māori children live in crowded homes</p>	<p>Disparities in health status Māori and Pacific people are less likely to report good, very good or excellent health than other groups</p>	<p>Incomes New Zealand's incomes are in the bottom half of the OECD as measured by per capita Gross Domestic Product (GDP)</p>	<p>Waste New Zealand's level of waste per capita has increased substantially since 2013</p>

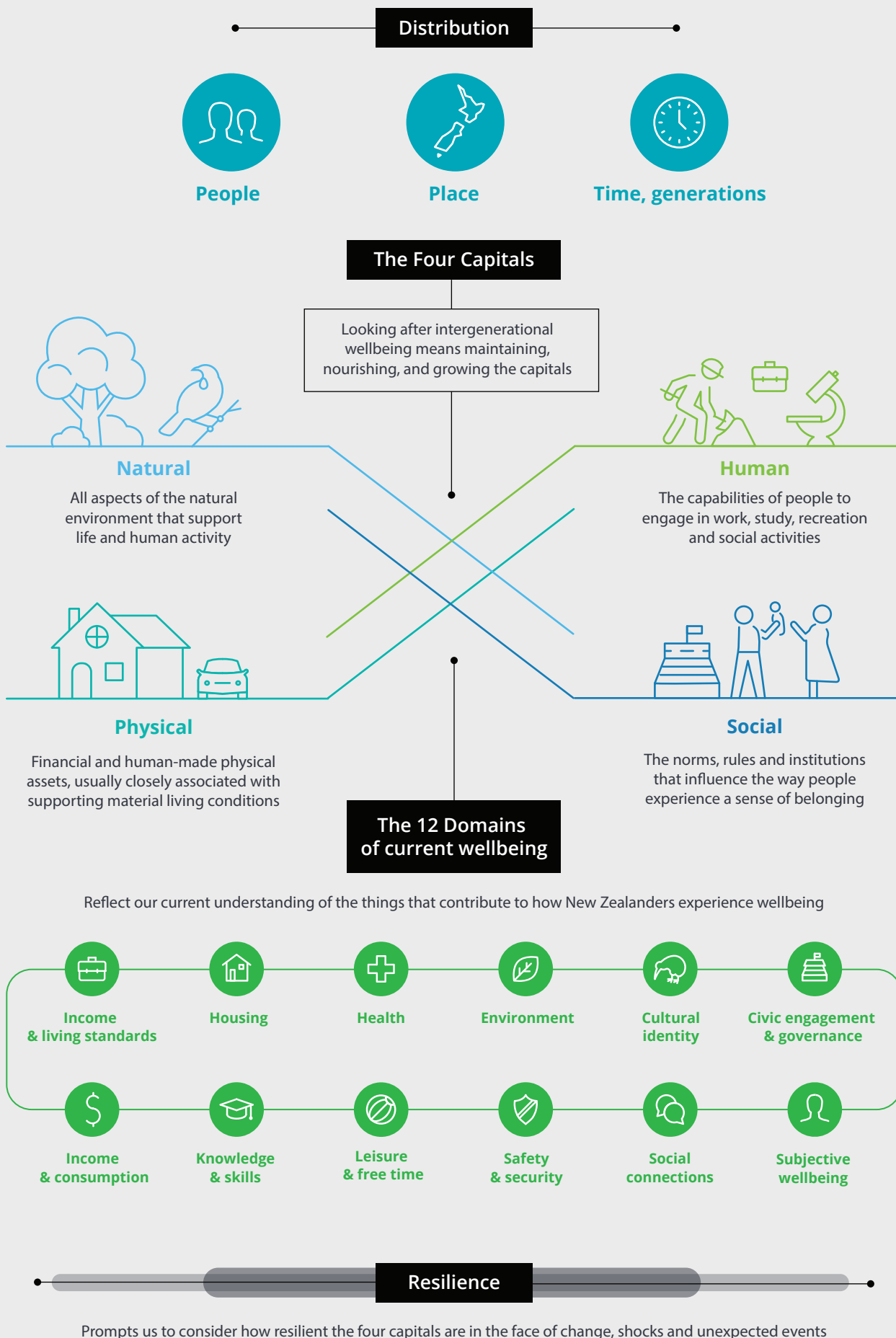
With broader ideas of wellbeing taking root, the New Zealand government is now focused on delivering sustainable wellbeing across multiple dimensions. New Zealand's Wellbeing Budget 2019 has given priority to improving mental health and child wellbeing, and lifting Māori and Pasifika aspirations, along with building a productive nation, transforming the economy, and investing in New Zealand.

There is a growing appreciation of the significant disparities in the distribution of wellbeing among the New Zealand population (Table 1).² Our "rock star" economy has not delivered higher living standards or better opportunities for all New Zealanders; many are being left behind.

This leaves us with a critical question: what can be done to improve people's wellbeing, and how can we most effectively invest for the wellbeing outcomes we seek to achieve? This requires evaluation evidence about the effectiveness of policies and programmes, not just in terms of their direct outcomes, but also of their broader wellbeing outcomes.

Figure 1

The Treasury's Living Standards Framework



Why wellbeing

Wellbeing refers to the ability of individuals and communities to live the lives they value (i.e. a good life), while also reflecting the rights of others to do the same. This approach cares about people’s freedoms, and the level of wellbeing that they will reach when choosing from the options open to them. From a policy standpoint, this offers a new perspective because it changes the types of questions we ask about addressing inequity in New Zealand.

An income-focused policy asks: *What resources do people have, and how much do they need to be equal?* By contrast, a wellbeing approach asks: *What kinds of things do people want to do, and what are they really able to achieve?* Furthermore: *Do people have the same opportunities to be able to achieve these things in their life, and if not, what can be done about it?*

These questions guide us towards a broader and more holistic way of thinking about the persistence of inequity, disadvantage, and wellbeing than mainstream approaches that are typically concerned with income and resources.

In essence, wellbeing is directly related to the expansion of life choices, and policy works to ensure people are equally-placed to realise those choices.

In recent years, many studies have explored the common ingredients (or “domains”) of wellbeing. A representation of these that has found particular favour in New Zealand official circles is the New Zealand Treasury’s “Living Standards Framework” (LSF).³

Drawing heavily on the OECD’s Better Life Index, the LSF is a dashboard intended to help analyse and measure intergenerational wellbeing.⁴ In Figure 1, the green icons identify the main domains of current wellbeing of New Zealanders (as well as people in general) over 15 years of age.

The blue icons highlight the significance of distribution, including inter-generational distribution, and place (including culture) for social wellbeing.

Together all these dimensions are supported by four ‘capitals’ represented in the middle. These sets of capital stocks are collectively referred to as “comprehensive wealth”.⁵ The sustainability of wellbeing over generations is dependent on the replenishment of comprehensive wealth at large, while accommodating the potential for substitution between these capital stocks as sources of wellbeing. Overall, the LSF helps to inform our policy choices to support both current and intergenerational wellbeing, guiding our investments to create the most value for New Zealanders.

Wellbeing and the distinctive role of public policy

The distinctive role of governments at the national, regional, and local levels has been to provide the environment where individuals and communities can live their valued lives and flourish. Individuals live their lives in social settings, as members of communities. Under this conceptualisation, the distinctive role of public policy is to provide the playpen (represented in the diagram below) within which individuals and communities pursue their valued lives.

Figure 2: **Sustainable wellbeing – through resilience**
(Enlarging the Wellbeing Frontier)

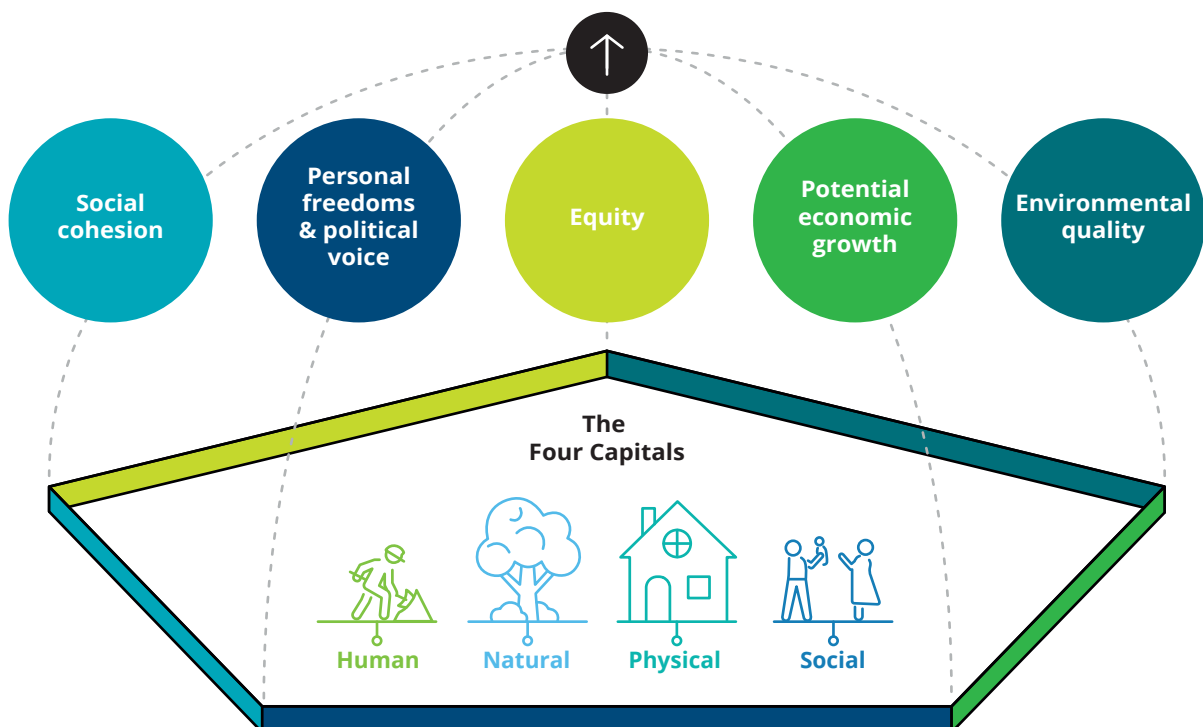
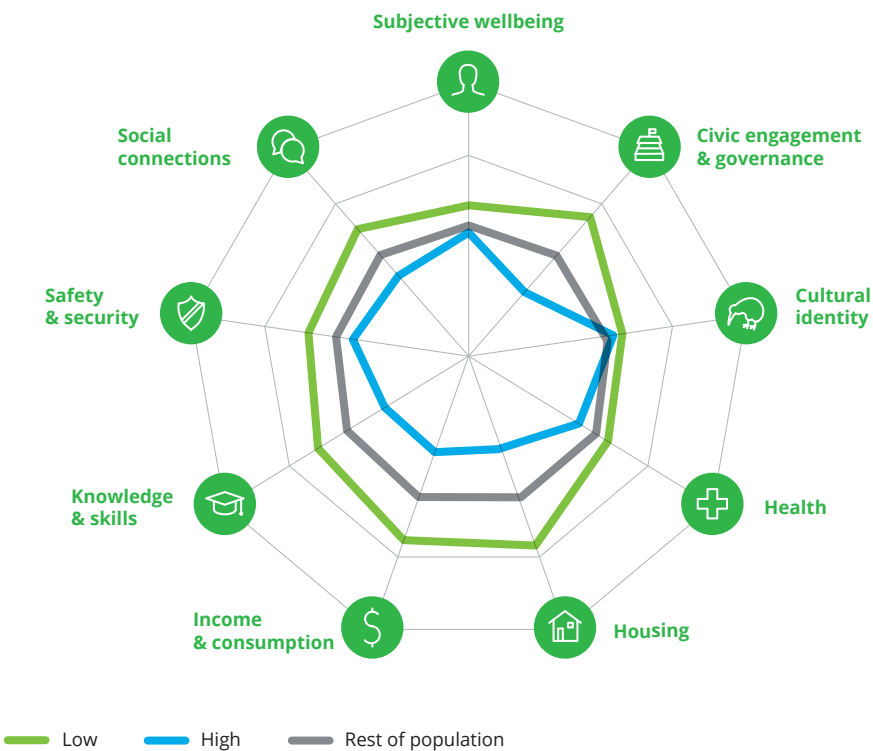


Figure 3: Māori wellbeing analysis compared to the rest of New Zealand



Sources: Treasury analysis, Stats NZ

Note: Figure 3 shows how Māori compare to the rest of the population. If a green point is further from the middle than a corresponding grey point this means wellbeing for Māori is lower than the national average in that domain. Māori rank low relative to the rest of the population in most measures of wellbeing.

The dimensions (or corners) of that playpen are the domains of public policy. Governments invest appropriately in the capital stocks that sit in the middle to expand the playpen (the “wellbeing frontier”) as much as possible.

Expanding this frontier can also be thought of as building resilience towards all sorts of uncertain and unknown developments that people will face in the future. Resilience has two distinct and complementary dimensions. The capacity to absorb shocks (such as earthquakes, floods, financial crises), as well as the capacity to adapt to shocks and exploit opportunities creatively so that we can continue to live the lives we value.

Measuring progress: New Zealand’s wellbeing frontier

As Arthur Grimes neatly summarises in a series of Blogs on wellbeing in his *Wellblog* series, when we turn our focus internationally, our success depends on what measures one uses.^{6,7} A number of international organisations collate measures of wellbeing across countries, yet they differ in what aspects of wellbeing they cover and how much weight is assigned to each aspect of wellbeing.

To escape rankings based on arbitrary weights – while still making international comparisons possible – the OECD developed its Better Life Index (BLI). The BLI provides summary outcome measures (and ranks) for each of the 38 OECD countries across 11 wellbeing domains (New Zealand has extended it to 12 – see Figure 1).

Reflecting the fact that different people place greater emphasis on some domains than others, the BLI enables users to provide their own weights. If each domain is weighted equally, New Zealand ranks 11th within the OECD (Norway 1st; Australia 3rd). In addition, many wellbeing researchers use a life satisfaction measure (one of the BLI domains) as an over-arching measure of wellbeing. On this, New Zealand climbs to 8th within the OECD.

International comparisons are useful for gaining a sense of place within the international wellbeing landscape; however, these comparisons shift the accountability of our wellbeing policies outwards. The ultimate purpose of policy work is to promote wellbeing as it relates to the lives of New Zealanders, as we wish to live our lives here in this country. Therefore it is equally important to shift accountability inwards so that our measures of progress are not lost in a quest to benchmark ourselves against the international community.

Although we may be doing well, on average, compared to most countries in the world, as we already highlighted in Table 1 there are significant disparities across dimensions of wellbeing among various segments of the New Zealand population. By way of just one example, Figure 3 is a summary of the relatively poor wellbeing outcomes for our Māori population.⁸

There are significant disparities across dimensions of wellbeing among various segments of the New Zealand population

Sustainable wellbeing

How about the future – how about the sustainability of wellbeing, on average, for future generations? We suggest that the appropriate prism to evaluate the quality of a public policy that is focused on intergenerational wellbeing, is an assessment of whether or not we are expanding the wellbeing frontier in Figure 2. Are we investing effectively in our comprehensive wealth towards that end, to generate greater freedoms for current and future generations of New Zealanders to pursue the lives they value?

Although we do not have precise data on these dimensions, the OECD's assessment of trends in New Zealand, complemented by two recent studies (among others) provide us with a first glimpse, and unfortunately the outlook is less than promising.^{9,10,11}

In relation to *potential economic growth*, there is currently a lag in labour productivity, which negatively impacts and restrains living standards and wellbeing. Unfortunately, this has no sign of improvement.

There are also concerns with respect to *environmental quality*. Pollution from primary industries and urbanisation jeopardises our water quality, while greenhouse gas emissions remain high and continue to grow. Adding to this, New Zealand has one of the world's largest shares of threatened species.

In relation to equity, our "disposable income inequality is above the OECD average, reflecting less-than average redistribution through taxes and transfers and the child poverty rate, which is around the OECD average, is more than double the rate in the best performing OECD countries. Living standards and economic growth also vary considerably ethnically and geographically".¹²

It is important to remember that wellbeing is a normative judgement: its definition differs depending on who you ask and the context in which it is being used

A recent paper by Smith (2018) has also raised serious concerns about poverty in New Zealand, emphasising the point that, improving economic indicators such as the declining unemployment rate, has not been able to reverse the trend of increasing poverty in New Zealand.

Both poverty and the observation that living standards and economic growth vary considerably, both ethnically and geographically, also puts significant strains on social cohesion.

Both the OECD report, and recent work by Qasim and Oxley (2018) raise serious doubts about sustainability in general, in the long run, across several dimensions.

All in all, this reveals serious concerns about the quality of public policy when judged from the perspective of whether it improves sustainable intergenerational wellbeing. The work of central government agencies to assess, develop, and invest in more appropriate levers to expand the wellbeing frontier have fallen short thus far. Most importantly, this results in many individuals and communities who are left unable to benefit from the wider wellbeing agenda as promised by government. It is clear that there is a critical disconnect between macro-level wellbeing policies and the outcomes they are expected to achieve for individuals and communities.

Bridging the gap: bottom-up perspectives

A central issue for policymakers, then, becomes bridging the gap between what is measured and what is reflective of wellbeing in a local context. How can we be certain that our choices about wellbeing at the national or even regional level are reflective of what individuals need to live the lives they value?

Operationalising wellbeing is a complex endeavour that does not occur in a vacuum, yet solutions to policy problems often bypass understandings of the complex social systems they must work in.¹³














National wellbeing measures are produced by aggregating individual measures into an overall figure for the population, which are combined again into other higher level population aspects. All particularities are stripped away and condensed into single values.

It is important to remember that wellbeing is a normative judgement: its definition differs depending on who you ask and the context in which it is being used. What determines a good life is situational and best articulated by people in their own context. Therefore, we must apply a lens that grants us granularity to understand the diverse backdrop of people's lived experiences.

After all, fairness in the representation of wellbeing means accounting for the relative invisibility of those whose lives do not fit the traditional mould of the 'average man' (in this case an able-bodied, non-dependent, caregiving-free individual who belongs to dominant ethnic, racial and religious groups).

Creating inclusive and more effective policies involves gaining diverse perspectives in the design of wellbeing initiatives. As Sen (1992) argued, "human diversity is no secondary complication (to be ignored, or to be introduced 'later on'); it is a fundamental aspect of our interest in equality."¹⁴

Table 2: **The Domain rankings**

	1	Subjective wellbeing
	2	Health
	3	Social connections
	4	Income & consumption
	5	Leisure Spirituality
	6	Balance & reciprocity
	7	Knowledge & skills Agency
	8	Cultural identity
	9	Civic engagement & governance
	10	Housing
	11	Safety & security
	12	Environment
	13	Jobs

Community conceptions of wellbeing

To illustrate, a recent study pursued by one of the authors explored the contributors to a good life at the community level by having structured conversations with small groups of people. In the community-level conversations, participants expressed a number of wellbeing domains under a diverse set of categories: Health & wellness; Self/Loving Yourself; Empowerment/ Agency; Financial; Spirituality; External structures; Time; Safety; Balance & reciprocity; Healthy body; Family; Social support; Learning & informed; Culture & identity; Structure/Routine; Forgiveness; Resilience; Respect; Home; Motivation; Whānau; Love; Kai; Appreciation; Happiness; and Stability.

For the sake of comparison, it is possible to re-categorise many of the community wellbeing domains to match up with the 12 LSF domains and Table 2 shows these contributors of community-level wellbeing ranked from highest to lowest. The LSF domains are in green, and those in blue are community wellbeing domains that could not be classified under any of the LSF domains.

According to the community in the study, the top contributors to wellbeing were Subjective Wellbeing, Health, Social Connections, Income and Consumption, Spirituality and Leisure. Among these top spots, spiritual wellbeing is noticeably absent from the LSF. Other domains that were not included in the LSF were Agency, and Balance and Reciprocity. This suggests that there are more contributors to wellbeing at the community level, or at the very least, different conceptualisations of the domains and their relevance in daily life. Whether these could be represented in New Zealand’s national framework warrants further investigation.

While the above table is helpful in highlighting aspects of important contributors to a good life for those that took part in the community study, we encourage readers to cast an incredulous eye on its simplicity. It unhelpfully represents wellbeing domains in a static, siloed, and hierarchical ranking.

The framing of wellbeing must be improved to show the interrelated nature of domains; siloed domain groupings are not an accurate representation of how wellbeing is experienced.

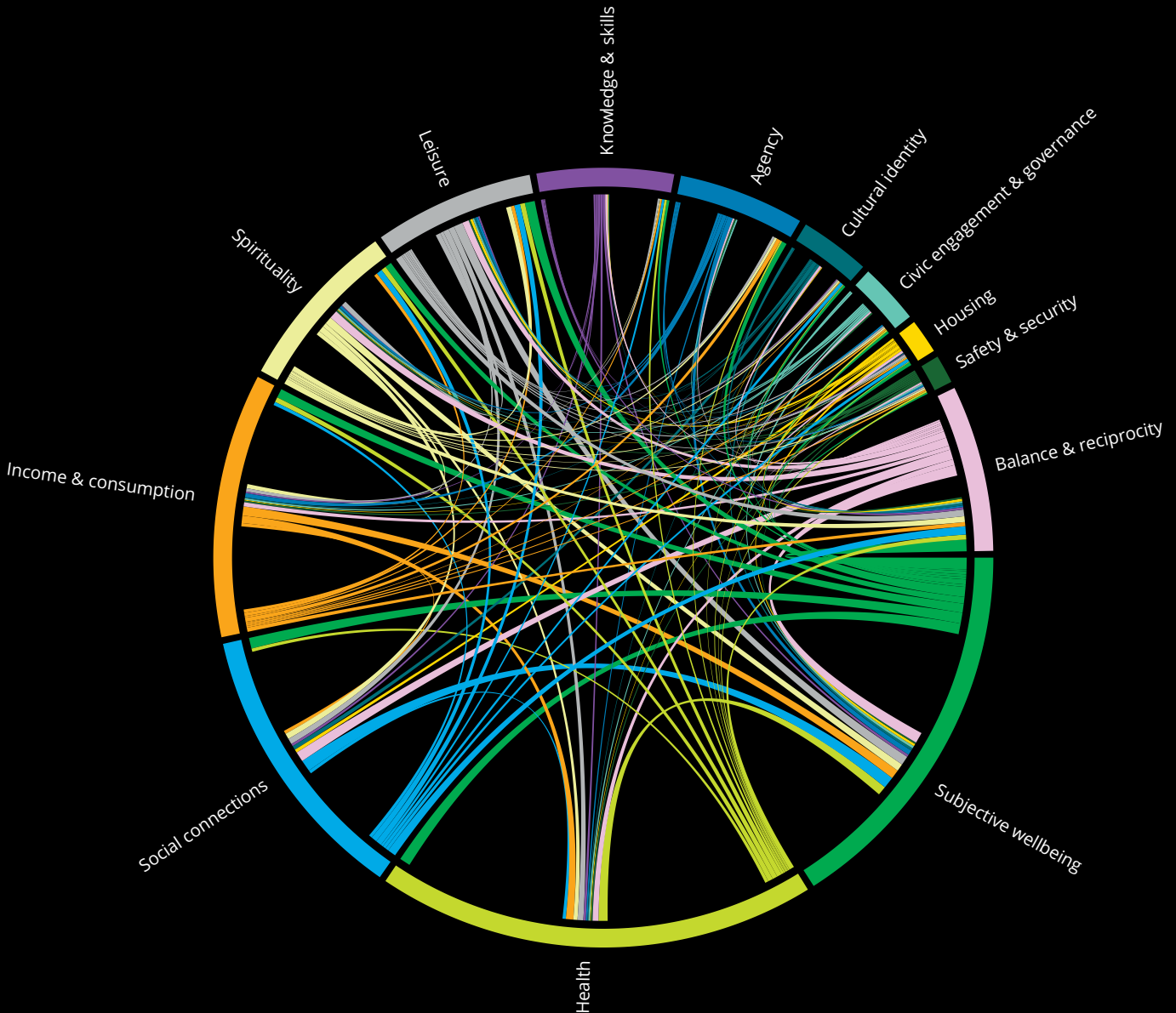
For policy purposes, wellbeing must be viewed through the spectacles of measurement. In this view, wellbeing is conveniently characterised in quantitative terms, as a series of objective entities existing in isolation waiting to be ‘achieved’ in order to gauge how well we are doing. However, wellbeing does not exist independently of people or the historical, social and political context in which they live. A real-world perspective would be to view wellbeing as a continuum of dynamic, interacting, and ongoing processes subject to change over time.

Perhaps a more helpful representation that frames wellbeing in this way is the diagram in Figure 4.

The framing of wellbeing must be improved to show the interrelated nature of domains; siloed domain groupings are not an accurate representation of how wellbeing is experienced

Figure 4

Wellbeing at the community level perspective



This diagram represents wellbeing at the community level perspective. It shows the same wellbeing rankings as Table 2, only now they are represented as larger or smaller edges of a circle. Within the circle, it is possible to view the interrelationships between domains according to the community in the study. In this view, the ultimate goal of wellbeing is about finding balance across all aspects of life while it is constantly in flux, and finding re-equilibrium as people's circumstances change.

Conclusion

In this article, we have evidenced the significant disparities across dimensions of wellbeing for New Zealanders and the considerable work to be done on investing in better wellbeing outcomes for future generations. To address these issues, we must begin by understanding how wellbeing can be best interpreted into local contexts.

If the role of government is to provide equal genuine opportunities for wellbeing, then we must take into account all the complications and trade-offs that occur when it is applied in a messy, complex, and sometimes ambiguous real-world system. While not a straightforward process, this carries the benefit of bridging the disconnect between macro-level wellbeing that influences policy recommendations and local wellbeing outcomes.

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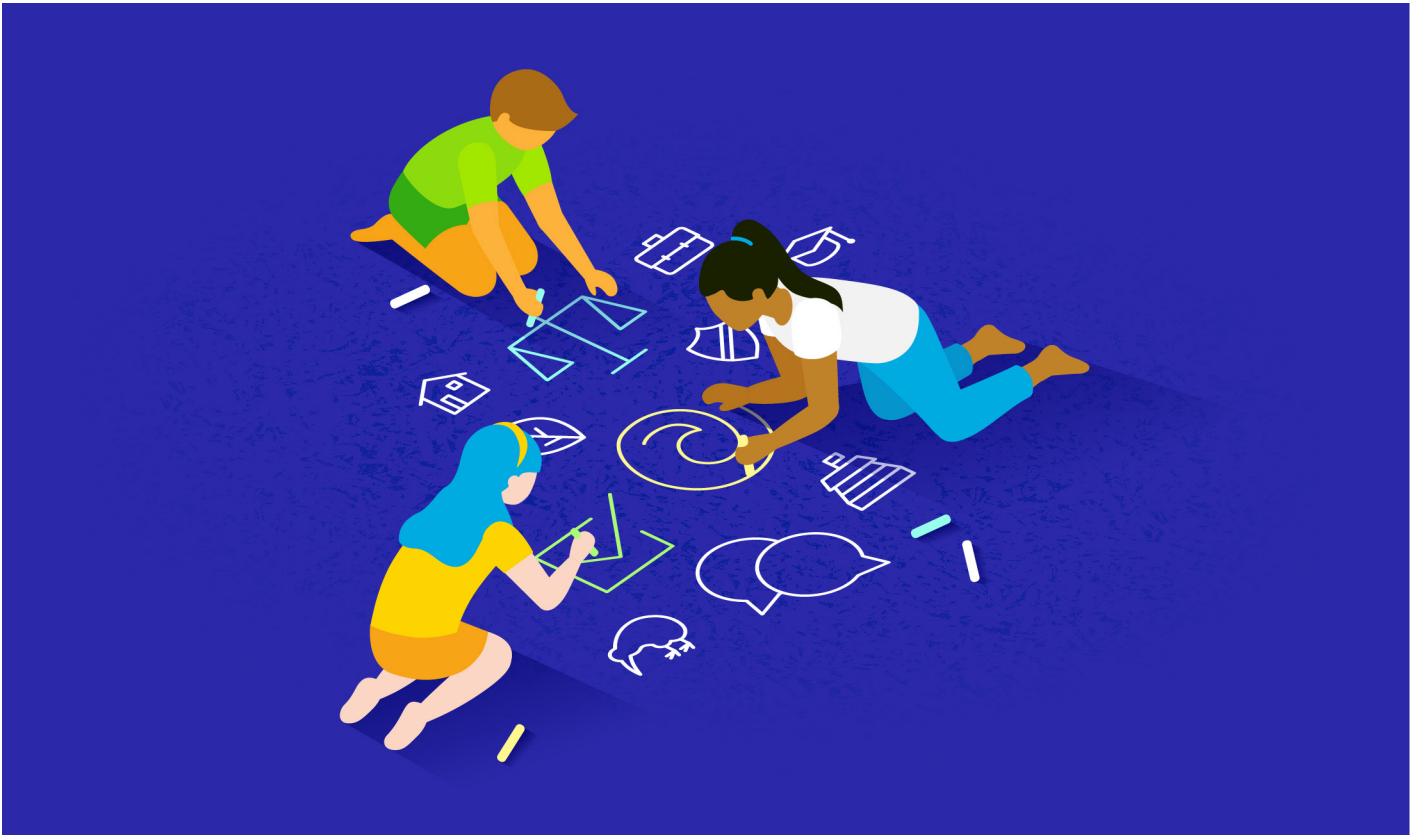


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Article 3

Civic engagement

Harnessing voices to expand choices

New Zealand has a strong, proud history as a liberal democracy. We regularly score at the top of international league tables in measures of political participation, electoral process and civil liberties.

Yet despite this, we are also a country with an inequitable distribution of wellbeing – between old and young, rich and poor, Māori and Pākehā. Those who are disadvantaged by this – the young, the poor and Māori – are the same groups who are less likely to participate in formal civic processes, such as voting or consultation. Yet even if these groups were to vote in numbers, they would still be a minority within a system that is designed to reflect the voice of the majority.

If we are to create a fair future for all and reduce these inequities, we need to look at alternative ways of ensuring the voices of minority groups are heard and considered through civic decision making processes and reconsider the way we measure civic participation as a country. ➤

By Anne Molineux and
Dr Michael Macaulay



Anne Molineux is a Deloitte Social Impact Consultant. She was an elected Councillor at age 22. Her focus is on helping social and public sector organisations to better meet the needs of the people they serve.

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The state of our democracy

According to the Economist Intelligence Unit, New Zealand is ranked fourth highest globally and the highest in the Asia Pacific region across the five categories of civil

liberties, political culture, and political participation, functioning of government, electoral process and pluralism.¹ We also rank highly according to the World Bank

Governance Indicators, where we score in the upper 90th percentile across all six indicators.²

Table 1
Global tables – Democracy Index 2018

	Rank	Overall score	Electoral process and pluralism	Functioning of government	Political participation	Political culture	Civil liberties
Full democracies							
Norway	1	9.87	10.00	9.64	10.00	10.00	9.71
Iceland	2	9.58	10.00	9.29	8.89	10.00	9.71
Sweden	3	9.39	9.58	9.64	8.33	10.00	9.41
New Zealand	4	9.26	10.00	9.29	8.89	8.13	10.00
Denmark	5	9.22	10.00	9.29	8.33	9.38	9.12
Canada	6 equal	9.15	9.58	9.64	7.78	8.75	10.00
Ireland	6 equal	9.15	9.58	7.86	8.33	10.00	10.00
Finland	8	9.14	10.00	8.93	8.33	8.75	9.71
Australia	9	9.09	10.00	8.93	7.78	8.75	10.00
Switzerland	10	9.03	9.58	9.29	7.78	9.38	9.12
Netherlands	11	8.89	9.58	9.29	8.33	8.13	9.12
Luxembourg	12	8.81	10.00	8.93	6.67	8.75	9.71
Germany	13	8.68	9.58	8.57	8.33	7.50	9.41
United Kingdom	14	8.53	9.58	7.50	8.33	8.13	9.12
Uruguay	15	8.38	10.00	8.57	6.11	7.50	9.71
Austria	16	8.29	9.58	7.86	8.33	6.88	8.82
Mauritius	17	8.22	9.17	8.21	5.56	8.75	9.41
Malta	18	8.21	9.17	8.21	6.11	8.75	8.82
Spain	19	8.08	9.17	7.14	7.78	7.50	8.82
Costa Rica	20	8.07	9.58	7.50	6.67	7.50	9.12
Flawed democracies							
South Korea	21	8.00	9.17	7.86	7.22	7.50	8.24
Japan	22	7.99	8.75	8.21	6.67	7.50	8.82
Chile	23 equal	7.97	9.58	8.57	4.44	8.13	9.12
Estonia	23 equal	7.97	9.58	8.21	6.67	6.88	8.53
United States	25	7.96	9.17	7.14	7.78	7.50	8.24

Source: Democracy Index 2018. The Economist Intelligence Unit.

Our country is seen to be world-leading in protecting the rights of minority groups and marginalised communities. Despite this, inequities affecting wellbeing persist. The younger generation faces a challenging housing market that looks unlikely to ease. Māori and Pasifika continue to underperform across major socioeconomic indicators. The gap between those who earn the most and the least continues to widen.

Those most impacted by these inequities are also the least likely to have their voice heard through formal civic engagement processes. Voter turnout among young people, Māori and Pasifika communities and those from low socio-economic areas is the lowest in the country.³ Civic engagement processes often assume a level of literacy, education, time and self-advocacy that can create an additional barrier to participation among minority communities.

Even when these groups do participate, the voices of the minority can be overwhelmed by the more numerous and well-articulated voices of the majority. In these cases, we leave it to our politicians – with their own biases and incentives to be re-elected – to navigate what can often be competing interests. The recent discussion on a possible capital gains tax is a good example of this – where the interests of the typically articulate, time-rich, voting baby boomers were pitted against the interests of those with the most to gain – the often less politically literate, time poor, less likely to vote millennials.⁴

While our Bill of Rights Act provides basic protection of the human rights of all, this does not go as far as providing for the social, economic and political wellbeing of all. Enabling the wellbeing of minority and disadvantaged groups – particularly where the enablers may differ from the general population – depends on the goodwill and

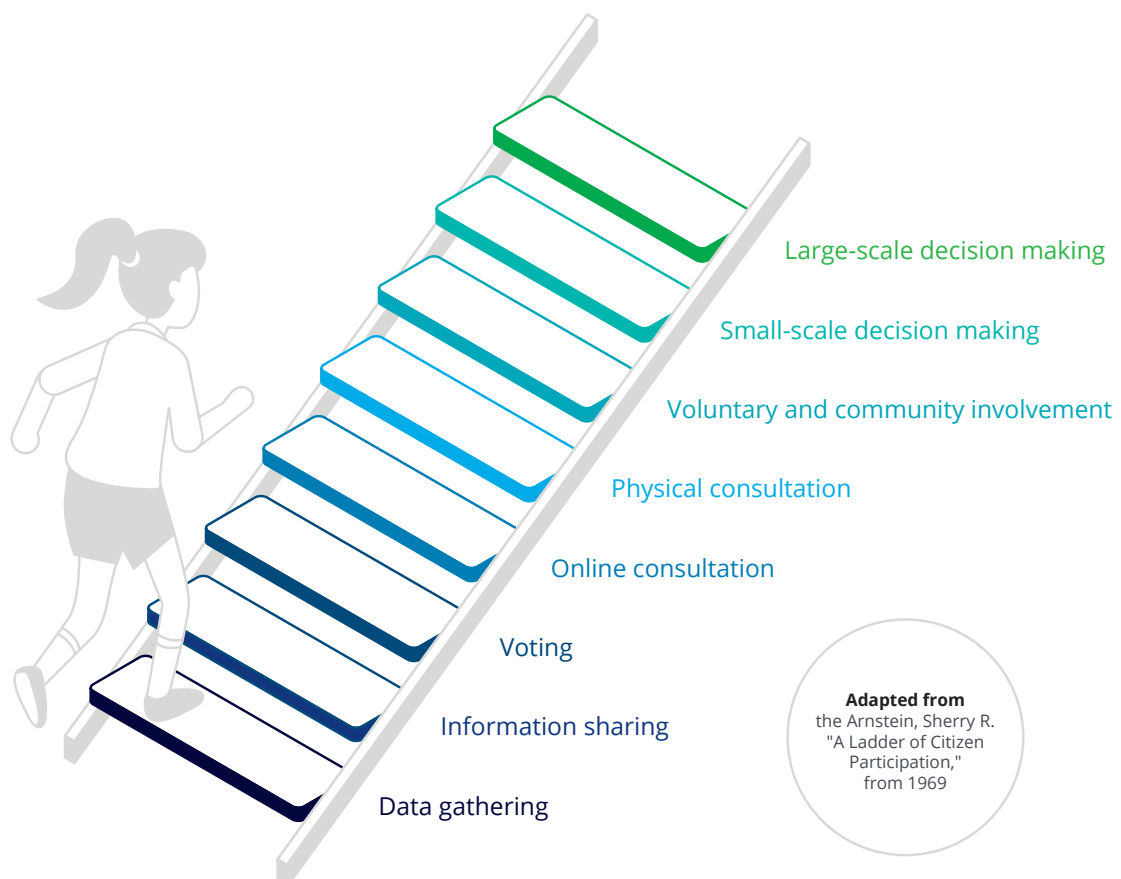
advocacy of New Zealanders and those in positions of power. When faced with competing priorities, it is easy for these interests to fall by the way-side.

If we are to address the inequitable distribution of wellbeing – we must reframe the way we think about civic participation.

Rethinking civic participation

There is no single definition of civic participation that can be applied to New Zealand (or any jurisdiction) but there are long accepted frameworks that chart the various forms, and degrees, of participation. Sherry Arnstein's classic "ladder of participation" spanned from political manipulation as the least participatory mode, up to full citizen control.⁵

Figure 1
Ladder of citizen participation



Adapted from the Arnstein, Sherry R. "A Ladder of Citizen Participation," from 1969

More recently, civic participation has been described as being either ‘thick’ or ‘thin’.⁶ Thinner forms of participation are more passive, such as information gathering, data sharing and small-scale consultations, while thicker forms of participation reflect direct decision making on both small and large scales.

There is a rich history of research that details the benefits of thick forms of citizen participation, from enhanced levels of integrity and accountability through to increased levels of public trust in institutions.

The way we measure the quality of democracy potentially adds to the relatively narrow way in which participation is discussed. The World Bank Governance Indicators use Voice and Accountability as one of its measures, which is defined as “the extent to which a country’s citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and free media.” Expression, association and voting rights are all relatively conventional forms of participation.^{7,8}

Yet we know that New Zealand already has a wellspring of greater civic engagement. At the last count there was an estimated 1.2 million volunteers engaged in a vast range of activities.⁹

Harnessing untapped sources of participatory democracy

We need to look beyond voter turnout if we are to enhance civic participation in a way that will ensure the wellbeing of minority groups. While increasing voter turnout is important, this is only one dimension of civic participation – and even with increased voter turnout, many of the groups experiencing wellbeing inequities are minorities within a democracy that privileges the majority.

We consider three pathways that would broaden our approach to civic participation:

1. Connecting the voices of expert citizens and everyday makers

The concept of step on/step off citizenship enables citizens to choose to interact with democratic decision making by acting as expert citizens or everyday makers.¹⁰

The **expert citizen** is typically portrayed as a full-time professional, often working within a community organisation, with deep knowledge of the participatory process. They are ‘insiders’, interested in good governance with expertise in networking and negotiating their way around the system.

In contrast, **everyday makers** are concerned with how they can enhance their own personal capacity for self-governance and co-governance, and are generally more sceptical of representative democracy. They are not interested in the grand dramas of national politics, instead focusing on local community issues.

Research shows that, although there can be friction between these two groups, greater levels of participation increases the success of working together on key decisions. Studies of local government in England and Wales, for example, showed that giving citizens a direct and concrete assignment enhanced participatory democracy far more strongly than usual consultation channels, as it allowed people to work directly together and harness their voices and expertise. Through participation, the knowledge, understanding and contribution to local governance was enhanced: direct participation led to concrete improvements in accountability, trust and integrity in local authorities.¹⁰

2. A more sophisticated approach to government consultation

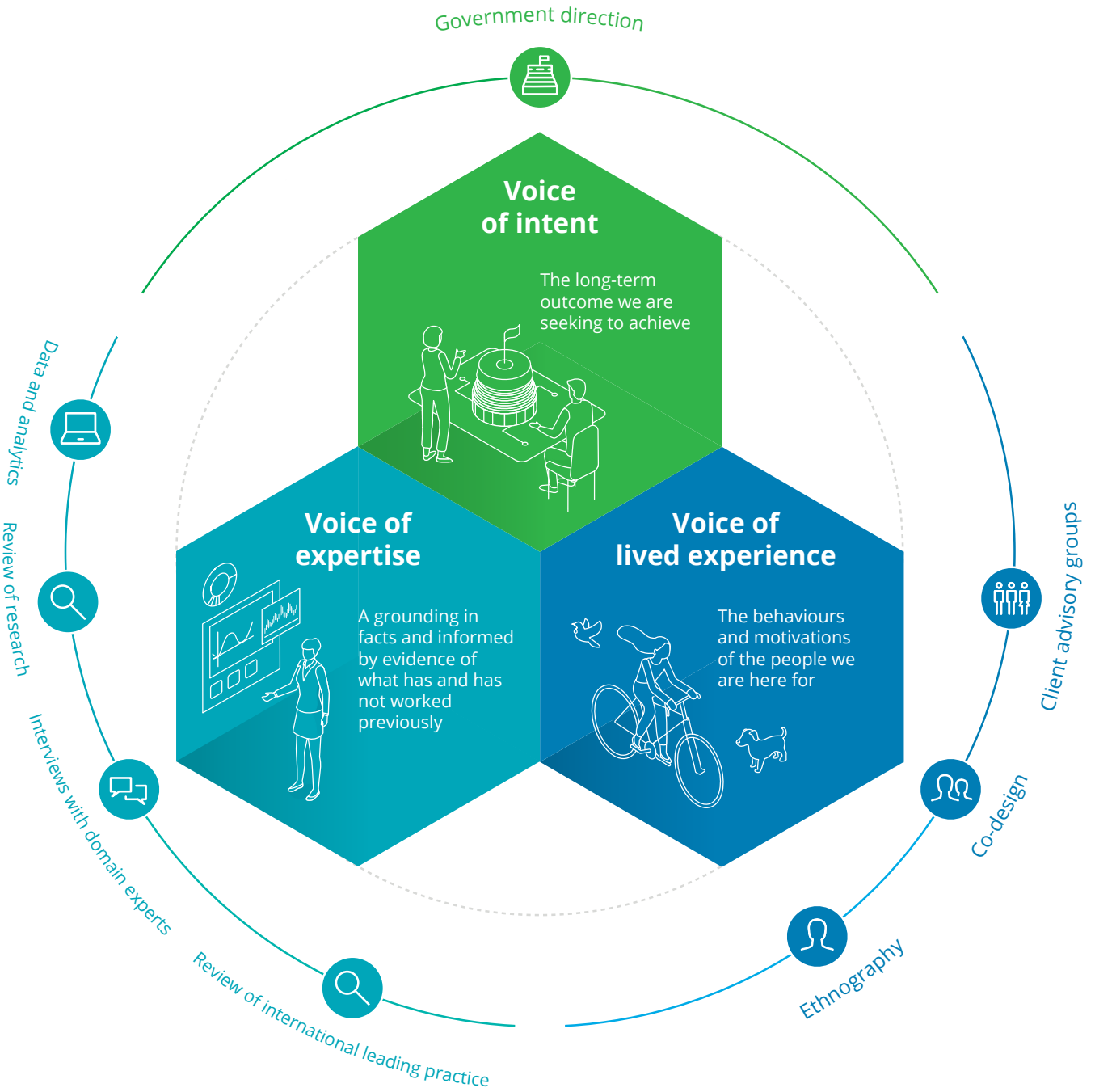
Not only is it important to engage with expert citizens and everyday makers, but the way in which they are engaged is also critical. Although consultation and co-design is popular across government, it is often difficult to harness the most important voices to inform decision making.

Standard consultation processes assume that if someone cares enough about the proposal in question, they will take the time to write a submission or lobby the relevant decision makers. In practice, this disregards the time pressures, competing priorities and political literacy levels of much of the community.

The three voices model of community engagement (see Figure 2) offers greater balance, using the tension created between the different voices to develop an integrated solution:

- a. The **Voice of Intent** is the outcome that is being worked toward, whether to enhance transport flows in a city or improve education outcomes among a certain cohort. This is often defined by politicians, but done well (as outlined below) would be developed in collaboration with communities.
- b. The **Voice of Expertise** is the data and evidence-driven view of why the current state operates as it does, and the interventions that have worked elsewhere to address similar challenges. This voice recognises that any solution must be grounded in facts, and that there will typically be best practice when it comes to, for example, the design of a city’s transportation network.
- c. The **Voice of Lived Experience** seeks to understand the behaviours and motivations of those impacted by the policy, in order to develop solutions that enable rather than ignore these. This recognises individuals as experts in their own lives. For example, a citizen is unlikely to be an expert in transportation network design, but is an expert in the factors that influence their decision making about whether to take a car or the bus. Focusing on those impacted by the policy requires reaching out into communities to identify those whose voices need to be heard to develop balanced policy.

Figure 2
The three voices model of community engagement



Intentional decision making and policy design using the three voices model ensures those involved in the process are those who have the greatest interest in the policy – not simply those with the time, skill and inclination to participate in a government consultation process. By treating citizens as experts in their own lives, the resulting policy can take account of both the behaviours and motivations of individuals, and the best practice and evidence provided by domain experts.

3. Sharing power with interested communities

Arguably there is no better way to harness civic participation than by sharing decision making power with citizens themselves. Models of self-determination are relatively recent in New Zealand, but have been in place within other Commonwealth nations for many years.

The advantage of power sharing arrangements and self-determination models is that they shift power away from settings where the interests of minority communities need to be balanced against those of the majority, and into the communities of interest.

There is a particular opportunity for this in New Zealand given Te Tiriti o Waitangi. We have seen this through alternative legal constructs – such as the provision of legal personhood to rivers, mountains or national parks, such as Te Urewera and the Whanganui River.¹²

Other innovations include partnership models between the Crown and iwi that define common objectives based on community priorities, supported by Crown funding. The partnership between Police and local iwi to reduce family harm in Tairāwhiti, Whāngaia Ngā Pā Harakeke, provides an example of this.¹³

Looking beyond New Zealand, we see examples of the delegation of authority and decision making to community-led bodies. For example, many Canadian provinces delegate responsibilities – and associated funding – for child care and protection to aboriginal organisations.¹⁴

In all of these cases, the challenge lies in ensuring the power sharing or power delegation mechanism is adequately defined and robust enough to endure beyond individual relationships.

There is a strong case to look at more meaningful practices to expand our current approaches to civic participation in a way that ensures all voices – and those of minority communities in particular – are considered within civic decision making. In doing so, we will increase the accountability of decision makers to the currently silent minority groups who have the most to gain from reducing the inequitable distribution of wellbeing within New Zealand.

Arguably there is no better way to harness civic participation than by sharing decision making power with citizens themselves



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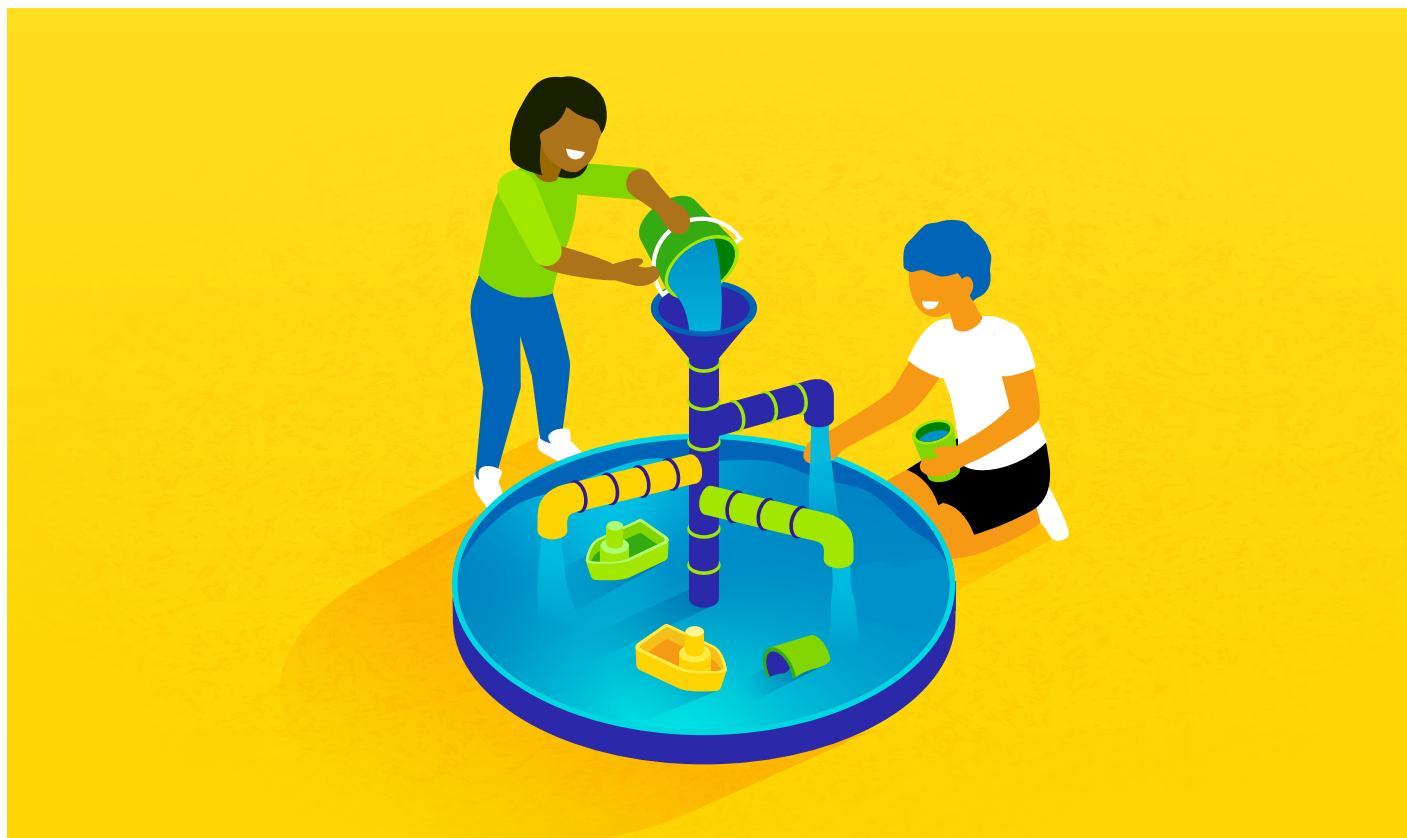


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Article 4

Balancing the load

Principles for an equitable tax system

Kiwis care a lot about fairness, especially when it comes to our tax system. Our public debates often use the language of social and economic impact when evaluating whether the outcomes of policy changes are fair.

But the time is ripe to challenge our conceptions of fairness by also focusing on how tax policy is impacting future generations and our ecosystems.

In challenging our notions of fairness we must do the hard work of looking for the intersecting points between environmental, social, financial, human and intergenerational impact. By doing so, we may uncover a richer perspective of fairness and how tax policy can take us there.

The (wellbeing) future is here

A useful beginning to this conversation can be found in the Treasury's Living Standards Framework. The Framework promotes higher living standards and intergenerational wellbeing by "maintaining, nourishing and growing" natural, social, human and financial capital.¹ This forward-thinking approach underscores the 2019 Wellbeing Budget's mandate to take an "all capitals" approach to how government spends our money. ▶

By Robyn Walker
and John Lohrentz



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John Lohrentz is a senior consultant based in Auckland, working at the intersections of sustainability, social impact and tax policy.

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However, we could also consider the analogous impacts across the differing capitals when considering how we collect this money. The tax system should be a coherent set of principles that determines how much and why each person and organisation contributes to the shared purse. What we choose to tax, and how we choose to collect it, has a range of consequences for all of us and the environment, both now and into the future. In this way the tax system can be seen as an instrument to create or erode fairness.

More immediately, two key tax policy conversations are how we adapt to the digital economy and our approach to environmental taxation. Let's use these significant advances and challenges to start exploring a wider notion of fairness in the tax system, accepting that this topic is not able to be done justice in a single article.

Adapting to the digital revolution

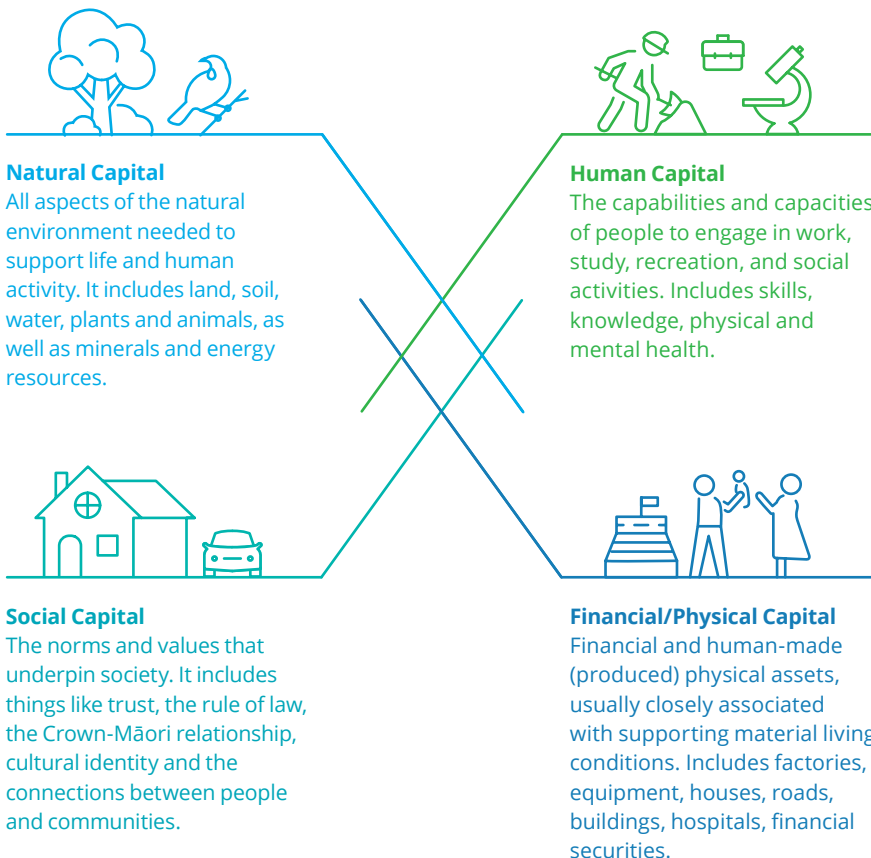
The digital economy brings with it a tectonic shift in how we talk about fairness. Historically, it made sense to collect tax based on annual net income because the vast majority of individuals and companies operated at a community or national scale. What was a simple calculation (essentially, income less expenses) is now a lot more complex, in part because the internet's interconnectivity is creating a global economy that has demolished traditional barriers to trade. With the world in the middle of a fourth industrial revolution, tax systems globally are reckoning with how to apply historic tax concepts to an evolved, almost unrecognisable, emerging economy. And as a result, some highly digitised multinational corporations can have very low national effective tax rates, as they don't need to be physically present in the countries where they operate.³

Inland Revenue's Business Transformation programme: Improving fairness through efficient administration

The Inland Revenue's Business Transformation programme is a multi-stage programme to modernise our tax system by 2021. Inland Revenue says that, "by streamlining our processes, policies and upgrading our online services, it will be easier for you to pay your tax and receive your entitlements."⁴

For taxpayers, especially individuals and small businesses, the faster tax returns and payments can be completed correctly, the better. It frees up time to grow social and familial relationships (social capital), build new skills (human capital) or invest in their business (financial capital). Getting it right can save taxpayers' money in late fees, use of money interest and penalties – not to mention stress! A more automated system also means higher levels of voluntary compliance and easier mechanisms for introducing new tax policy for Inland Revenue (financial and social capital).⁵

The Treasury's Living Standards Framework²



Fairness is personal and practical

Take a moment to reflect on your interaction with Inland Revenue's new online systems this year. Fairness is not just a question of what we tax, but how we can streamline the tax collection and administration systems.⁶

Taxing the digital economy

In response, since June, Inland Revenue has been consulting on whether to introduce a tax on digital services platforms like YouTube, Facebook and Google, based on where their users are located.⁷ A core justification for the proposed tax is that it will increase perceived fairness with more multinational digital giants paying their “fair share” of New Zealand taxes (i.e. improved social capital), despite only raising \$30–80 million NZD annually (in financial capital).

But this isn't the whole picture. In order for a digital services tax to be “fair” (according to our international trade agreements) it must also apply to comparable New Zealand businesses, potentially creating a double tax (financial capital).⁸ John Cuthbertson, from Chartered Accountants Australia New Zealand,⁹ also points out that if the idea of taxing companies based on the location of their users catches on, exporting businesses may choose to migrate overseas to avoid additional tax imposts – decreasing future tax revenues (financial capital) and skilled worker availability in New Zealand (human capital). With our isolated economy heavily dependent on global export markets, international capital investment and our global reputation, potential short-term benefits may therefore be reversed by significant long-term social and economic impacts.

In considering our response to the digitisation of the economy, we will do well to consider the ideological basis of any changes to our tax system. Are we just considering social, human, natural and financial capital at home, or are we thinking internationally too? A digital services tax might be seen as a “market access fee” by digital companies looking to do business in New Zealand, sending the message that we see them as separate from our economy. If our major trading partners mirror this message it may have a significant impact on our exporters, but it will also have an impact on the wellbeing of people in other countries.

Fairness is also about the effectiveness of the tax collection processes.

The sharing economy

The digital economy is also redefining the way we work. The so-called sharing economy can create positive social and financial gains for individuals through flexible work options that can fit around their family and social life (social capital). Digital platforms also make it easier to flexibly improve your skills (human capital). At an extreme, it's now possible for an individual to hold multiple roles with multiple parties in multiple jurisdictions.

But the sharing economy is challenging some of the labour protections forged over the last century.¹⁰ Gig workers may have to forego employer's contributions to KiwiSaver or fair overtime (financial capital), put up with little or no union representation or protection from anti-discrimination laws (social capital), or accept that insecure working hours and digital workplaces may leave them feeling lonely or anxious (human capital).

Fairness is also about the effectiveness of the tax collection processes. For Inland Revenue, the pay-as-you-earn system is a very efficient way of collecting tax on employment income (financial capital). In contrast, gig workers are more likely to be contractors who are usually responsible for their own tax compliance. This adds complexity, which can increase the chances of inadvertent non-compliance or even create an incentive to hide income.¹¹

We feel that there needs to be further discussion on what it means to fairly tax digital companies and gig workers in the sharing economy.

This may include, for example, thinking practically about the distinctions between contractor and employee, or how we tax wages paid in cryptocurrency. We also need to look wider and challenge our thinking on how “digital assets” (large aggregations of code) and “digital companies” are treated in the tax base.

Setting our sights higher: taxing natural capital

It's also time to think about the role the tax system will play in protecting and fostering our shared natural capital, for us and our children. The science demonstrates that we are doing near irreparable damage to Earth's life-systems. The time to act is now, using every tool available.

While tax is only one tool among many for creating a low-emissions economic future, it is an efficient way to financially internalise the cost of reduced natural capital around vulnerable and damaged ecosystems. While we do collect some environmental taxes (e.g. road user charges, fuel tax and the waste disposal levy), the Tax Working Group identified that there are several areas where taxes can be an effective means of addressing known externalities (e.g. greenhouse gas emissions, water pollution and waste).¹²

We have an opportunity to design and implement a framework for environmental taxation. If we recycle environmental tax revenues into strategies to rehabilitate our ecosystems, we can have a corrective effect – accelerating the shift away from fossil-fuel reliant, high-waste economic activity.

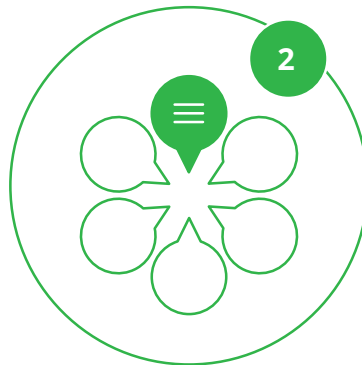
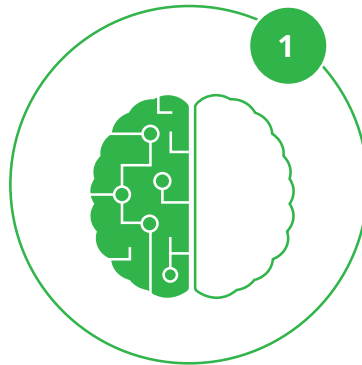
But we will need to be strategic about how we design environmental tax policies. We must anticipate the impact it will have in some sectors and the declines in excise tax revenues as ecologically damaging activities end (e.g. increasing public transport and electric vehicle adoption will decrease fuel tax revenue).

It doesn't have to be about increasing overall taxation, but rather how tax should evolve to have regard to what else is happening around us – to explore how we might future-proof the tax base. Our long-term challenge is weighing future generations' needs against our own *while* also understanding that climate change and poorly designed taxes disproportionately affect low-wealth families.^{13,14} Are we bold enough to paint a future vision of New Zealand where our ecosystems are flourishing again, cognisant of inequalities and preserving our social institutions?

Conversations with consensus

Fairness is subjective and based on our own personal contexts. We all think differently about whether indirect taxes like GST should be more pronounced, whether those who earn more should pay a greater proportion of their income in tax, or whether capital is or isn't taxed more comprehensively. The spectrum of opinion means that no version of the tax system will seem *truly* fair to all.

The challenge is that our shared understanding of fairness is low and often one-dimensional. Instead of attending to whether a specific new tax or rule change will be "fair", we would do well as a society to step back and consider how we can enrich our consensus on fairness (see article 3 in this year's State of the State series on engaging audiences to create more equitable outcomes).



Here are three practical considerations for achieving this change:

1. Choose to think like a 21st century economist:¹⁵

When we talk tax, it's all about figuring out how to *efficiently* share a part of our resources to take care of our collective needs, like public roads and hospitals. But our economic language is based on many outdated assumptions and we would do well to consider developing a new economic language for the challenges of the 21st century. Economic thinking is the foundation of tax.

2. Engage in conversations and debates about tax:

There is no one right or perfectly "fair" tax system, and the tax system we have is the product of our shared efforts to get a consensus on fairness. The most powerful tool we have to improve our tax system is participation in the public process of making tax laws. Strong, kind public debate on things like environmental taxes and the digital economy will sharpen and challenge our perspectives.

3. Actively make room for young people in policy development:

While they may not have a tertiary degree or decades of work experience, our rangatahi have a valuable voice. It is fundamental that we don't make decisions without considering those who will be affected by the decisions long-term. Our policy design will be better for it.

Are we bold enough to paint a future vision of New Zealand where our ecosystems are flourishing again, cognisant of inequalities and preserving our social institutions?

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Article 5

Inclusive growth Reframing success

Growth is one of those goals that shows up everywhere. It is in the budget statements of nations, the annual reports of corporations and the personal development plans of individuals.

Everyone is aiming for growth. The most common economic application of growth is to represent an increase in GDP – the gross domestic product of a nation. But in a wellbeing world where GDP is not the only measure of success, how do we grow and how do we address inequities while doing so?

Inequities are growing

It is no longer sufficient for the economy to be growing at the same pace of population growth, instead economies are judged on

whether they can achieve year-on-year per capita growth. In developing economies, rapid economic growth and globalisation has seen millions lifted from poverty. But while the world has watched economies like China and India in awe, on a global scale, economic growth is forecast at a rather sedate 2.6 percent.¹ This is still double the global population increase of ~1.1 percent but is watched as a source of concern and attention.²

By Adithi Pandit and
Cassandra Favager



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Against this backdrop global inequality has never been more stark – the richest 1 percent now own 45 percent of the world's wealth, and 64 percent of adults hold a mere 2 percent of the wealth. Income inequality within nations remains high and in many places is rising.³ Total income inequality on a global scale rose rapidly over the past two centuries, and only in the last two decades has this trend reversed. Even so, on any measure, global inequality remains high. In developed nations certainly, the bottom quartiles of the population in income and wealth terms have seen little change and even a fall in their relative positions.⁴

In New Zealand our growth rate is around 3 percent while our population growth rate is around 1.76 percent.^{5,6} Our GDP per capita is increasing – this would suggest that things are getting better for the people of New Zealand. What we know, however, is that this increasing affluence is unequally distributed. With a Gini coefficient of 0.33 (0 being perfect equality and 1 being perfect inequality), we have consistently greater income inequality than the OECD average, and are only doing better than Australia and the United Kingdom by a small margin.

The Statistics New Zealand measures of income inequality have been suspended in anticipation of Ngā Tūtohu Aotearoa – Indicators Aotearoa New Zealand, but there is no reason to believe that

Inclusive growth requires that no one is left behind in the growth story of a nation

broader measures of wellbeing will paint a picture of greater equality.⁷ Across numerous social measures of progress we see continuing gender inequity, high degrees of geographic segregation and overrepresentation of Māori and Pacific people in our least enviable cohorts.

Mainstream economics once held the view that a rising tide would lift all boats, or at least that the trickle-down effect would translate growth to increasing affluence for all parts of society. This view is now being abandoned in most economic circles – and the concept of inclusive growth is being pursued instead.

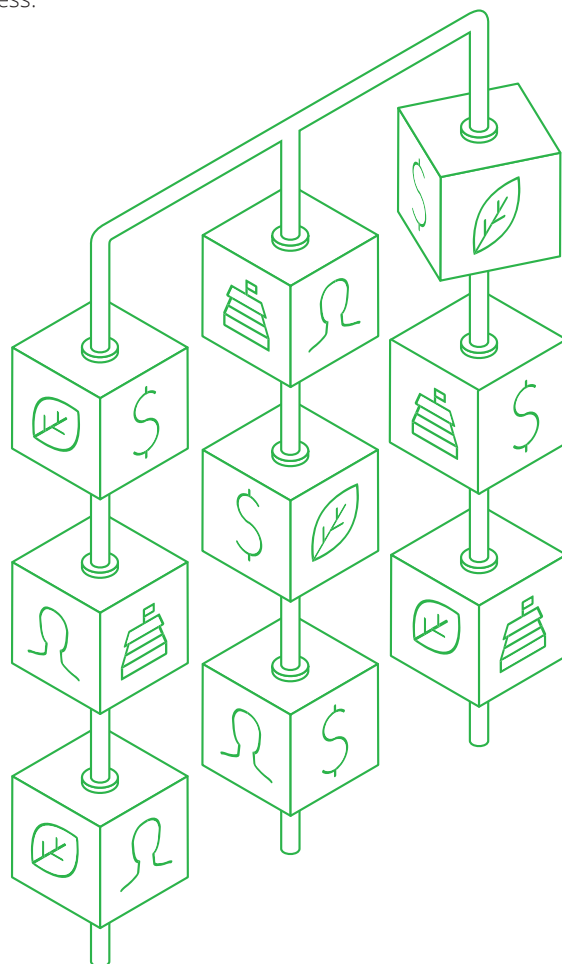
Inclusive growth is a New Zealand story

Inclusive growth requires that no one is left behind in the growth story of a nation. Depending on the definitions used, this may mean all members of society are able to share equally in growth opportunities or its outcomes, with reducing inequities as a measure of success.

New Zealanders consistently demonstrate their commitment to equity and fairness in national polls.⁸ As the opening article of this series demonstrated, equity is a core value for New Zealanders, and a 'fair go' is the Kiwi way.

But inclusive growth doesn't just appeal to the fair minded amongst us – it is also a necessary approach to sustainable success.

In a very practical sense, sustained inequities also rob a nation of its long term growth prospects. As fewer families are able to take advantage of education and employment opportunities and/or participate in technology and innovation, the human potential of our economy is severely compromised. Future innovators, scientists, creatives and entrepreneurs are lost to us.



Economies with high disparity in income and wealth also tend to have high structural barriers to social mobility, which are further related to ethnicity, indigenous status and gender. A compelling infographic from the United States recently showed the 'stickiness' of poverty disproportionately impacting black Americans.⁹ Not only does growth not lift all boats, some boats are tethered to the bottom.

Changing the frame

Designed as an alternative to GDP, the World Economic Forum's Inclusive Development Index (IDI) reflects more closely the criteria by which people evaluate their countries' economic progress – the traditional pillar of Growth alongside Inclusion, and Intergenerational Equity and Sustainability. New Zealand performs well on the index, 13th amongst the advanced economies, with a ~1 percent upwards trend. But unfortunately, this is not because of our advances in inclusion – we are in fact one of the four poorest performing economies on the Inclusion pillar.¹⁰

Ngā Tūtohu Aotearoa provides a promising start to broadening the aperture.

The framework of indicators proposed covers the four capitals, includes te ao Māori, and includes some measures of equity in relation to health, child poverty and income distribution.

If New Zealand were to begin to report primarily on wellbeing growth, elevating measures of natural, human and social capital to have equal weightings to financial capital (as measured by GDP), it would serve to shift the narrative. Investment strategies from government and business could then be focused on – and assessed against – their contribution to wellbeing equity.

Taking a lesson from business

Business is well aware of the need for a more inclusive growth agenda, and an approach to measuring success that takes into account equity and sustainability. Inequality and social instability are bad for employment and consumer markets, and those organisations who are not taking action can quickly lose their 'social licence to operate'.

Not only does growth not lift all boats, some boats are tethered to the bottom

We have already seen businesses adopt policies and practices that enhance the wellbeing of their employees – domestic violence initiatives, flexible leave policies, culturally and gender diverse recruitment, and adoption of the living wage. It would be a real step forward if these contributions could be measured and valued as a contribution to our inclusive growth, in the same way as shareholders currently look up the latest movement in stock prices as a proxy for the company's contribution to economic success.

Measuring equity of wellbeing

A measure of wellbeing equity should be constructed that looks at the distribution of wellbeing across the population, and identifies those population segments who are most at risk of inequities, or have the least resilience in their wellbeing.

This would enable policies that target increasing equity across all wellbeing domains to be anchored to a measurable baseline. As governments and businesses focus their investments and strategies on increasing growth, they are naturally drawn to policies and initiatives that grow what is measured. An explicit wellbeing equity measure would incentivise action that reduces the gap – i.e. has a targeted and disproportionate impact on those who need it more.

Of course, this is easier said than done. Despite a focus on child poverty and welfare from successive governments, the 'before housing costs' measure has stayed largely stagnant, and the 'after housing costs' measure has only dropped slightly. Supporting measures with tools, like the Ministry for Women's "Bringing Gender In" policy analysis and implementation tool, would greatly increase the system's ability to act on its equity ambitions.¹¹

Just as important as publishing measures is a sustained focus on holding public and private organisations to account in shifting the dial through their activities. In an inclusive growth economy, we would see measures of inclusion and wellbeing equity being discussed in the context of new public policy, regulation, and informing choices around infrastructure and investment. For example, the transport infrastructure strategies being considered across the country would have a primary analysis of the anticipated benefits for wellbeing and inclusion. This may place greater emphasis on sustainable/green choices as well as greater consideration of supported transition costs for those less able to make changes in their transport choices.

Expanding our definition of growth

As economists and governments grapple with inclusive growth, they also have to consider growth in light of climate change, and our heightened awareness of planetary boundaries. In any natural system, unconstrained growth is a disaster.

A more expansive definition of inclusive growth would mean taking into account future generations, and the impacts of growth on their financial welfare and the quality of their environment, their social cohesion and connections, and the sustainability of their wellbeing. This expansive definition of inclusive growth requires us to redefine growth as advances in wellbeing – rather than being a singular financial measure that can be pursued at the expense of the environment, communities or families.

This may help usher us towards a circular economy, where consumption is not measured on the ‘positive side’ of the ledger, but rather a negative that requires balancing. Under this model, we would be seeking a balanced economy, where population growth, consumption of resources, replenishment of natural resource and reclaimed and recycled materials are held in balance. Inclusive growth in this context would be enabled by productivity and technological innovation in our ability to use materials more sustainably, reducing the footprint of consumption and changing patterns of usage and waste. New Zealand has an opportunity as a small, clean, green economy (in reputation as much as fact) to leapfrog the global players in this domain.

Multifactor productivity in New Zealand is growing, but at pretty low rates (just 0.3 percent last year, vs. average growth of 1 percent over the decade).¹² Rather than focusing our efforts on productivity improvements that impact only on currently measured goods and services, we could invest in productivity improvements that bring us closer to inclusive growth and a circular economy. This would see us value more highly the innovations that build back our stocks of natural capital, unlock more human capital and strengthen our social capital.

And if any of this sounds a little too edgy, consider the following. The co-chairs of the OECD High Level Expert Group on the Measurement of Economic Performance and Social Progress summarise their work as: “We need to move “Beyond GDP” when assessing a country’s health, and complement GDP with a broader dashboard of indicators that would reflect the distribution of well-being in society and its sustainability across its social, economic and environmental dimensions ... [this] would have led, most likely, to stronger GDP growth than that actually achieved by most countries after 2008.”¹³

We have already broken new ground with our Wellbeing Budget. An inclusive growth agenda could be the next big thing for New Zealand.

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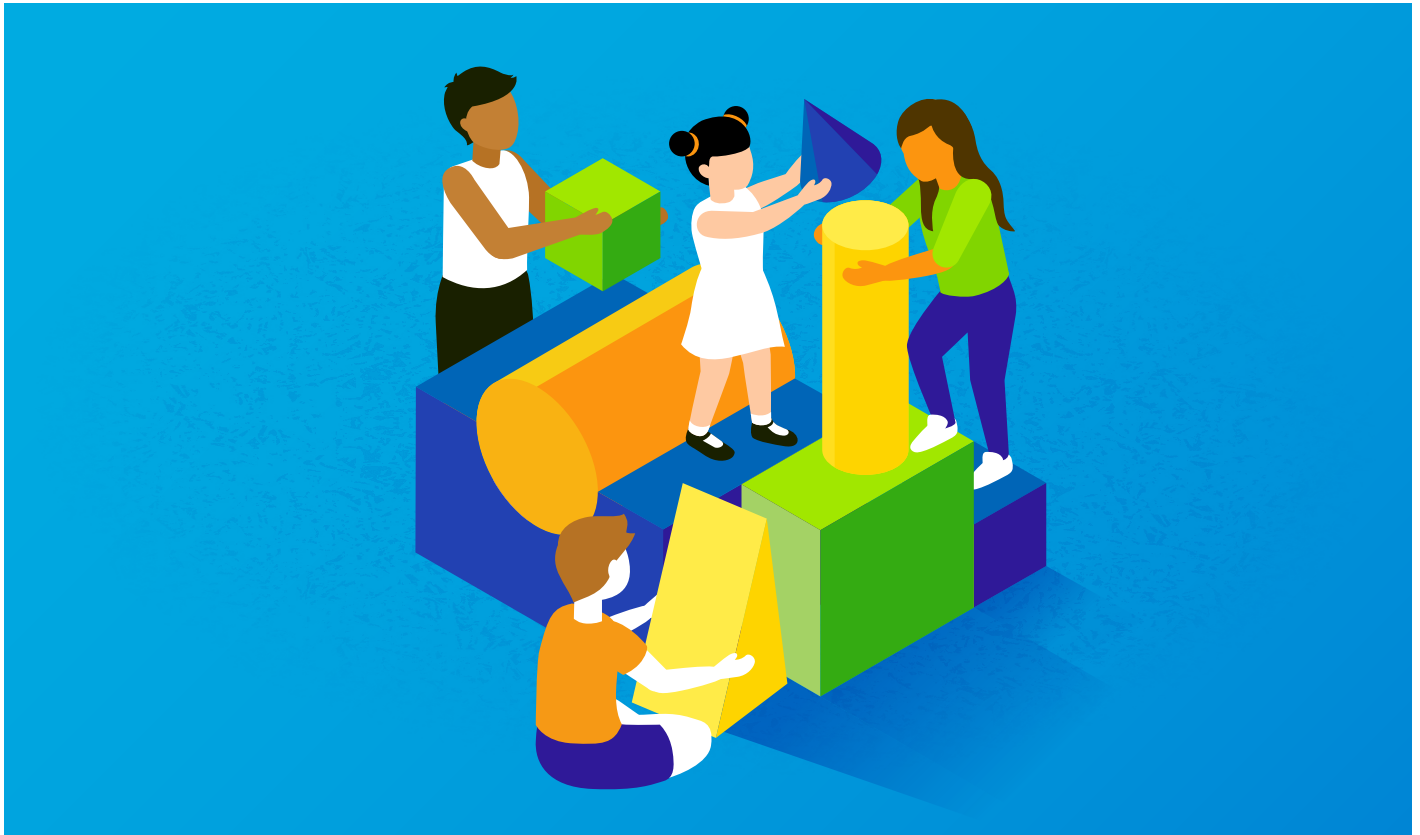


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Article 6

Delivering better outcomes together

Policies that reflect our diverse cultures

The Race Relations Commissioner is looking into it, Taika Waititi famously posted about it on social media, and, if the 2019 Canterbury Law Review is anything to go by, the Christchurch community needs to continue to rally against it: racism.

New Zealand is proud of its diversity and on average our prosperity is growing, but this masks the fact that many of our people do not have the same experience or opportunity of quality of life, equality and social inclusion.¹ Minorities, immigrants, our Pasifika whānaunga, Chinese and Māori often, sadly, share a common unifying experience of being diminished because of our culture, race or ethnicity.

This article explores why our government institutions need to move closer toward multi-culturalism, asks why are they still largely representative of the majority Pākehā / Western culture, contemplates what the impacts could likely be on 'the other', on Aotearoa NZ as a whole and where the bright spots might reside. ➔

By Jenny Liu, Tamarapa
Lloyd and Lisa Tai



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Why do we need to change? Because the cultural and ethnic face of Aotearoa New Zealand is changing. Over the next 19 years, Māori, Asian, Pasifika and MELAA² populations are projected to increase their share of the overall population to 18.4 percent, 22 percent, 10.2 percent and 3 percent, respectively.³ By 2038, New Zealanders who identify with a European ethnicity are the only group projected to decrease its share of our population. Our future success and prosperity as a nation relies upon meeting the needs of non-Pākehā, and addressing the inequities that this growing share of the population experiences.

Before we begin, we need to know the terminology (see sidebar).

Māori, Pasifika and Chinese

In relation to Māori, the Treaty of Waitangi provides important direction for the Government. Under the Treaty, the principles of partnership, participation and protection underpin the relationship between the Government and Māori:⁴

- Partnership involves working together with iwi, hapū, whānau and Māori communities with respect to Government services.
- Participation requires Māori to be involved at all levels of Government – decision-making, planning, development and delivery.
- Protection involves the Government actively working to ensure Māori have equality and equity and safeguarding Māori cultural concepts, values and practices.

However, for many Māori, their status as tangata whenua does not offer privilege nor anything approaching equity when it comes to comparisons with non-Māori. As we have discussed in previous State of the State articles, Māori are over represented in suicide rates, imprisonment rates, unemployment rates, and social welfare reliance.⁵

Within Pasifika there is a growing middle class but there is also a large proportion struggling and living below the poverty line. This includes families who have lived here for decades and are unable to make socio-economic progress plus new migrants,

who have moved here with the perception that New Zealand offers a Pacific equivalent of the “American dream”. However, for many this dream is increasingly illusory. Pacific people’s weekly income is 34 percent lower than the national average and has been declining in recent years.⁶ And overcrowding and housing is an entrenched issue, with around 40 percent of Pacific people living in crowded homes.⁷

Pacific people in New Zealand encompass 16 distinct ethnicities, languages and cultures. All are unique with their own story but there are some common values that bind them together. Two thirds live in Auckland, which is the largest Polynesian city in the world. However, Pacific people are largely segregated and live in low socio-economic areas without access to high quality schools and other resources. Like many Māori, Pacific people have not won the “postcode lottery”.

With such a young population, compared with our overall population, Pasifika and Māori represent a large potential talent pool that needs to be nurtured and supported now in order to sustain and grow New Zealand’s future wellbeing.^{8,9} For example, by 2026 Pacific people will make up 30 percent of the Auckland working population. They will be a big component of our future labour force in our biggest city.

What issues and challenges face our largest Asian group: Chinese ethnic New Zealanders? Chinese New Zealanders account for more than 5 percent of the population.¹⁰ According to the 2013 Census, 86.7 percent of Chinese New Zealanders aged 15 years and over had a formal qualification and 57.1 percent were in the labour force.¹¹ This compared with the national figure of 79.1 percent with a formal qualification and 48 percent in the labour force.

As a group, ethnic Chinese people living here are well educated and active in the workforce. With more Chinese immigrants coming to New Zealand, the economic ties with China have also strengthened. China is now New Zealand’s largest trading partner in goods and second largest trading partner in services.

Terminology definitions

Institutional bias

A tendency for the procedures and practices of particular institutions to operate in ways which result in certain social groups being advantaged or favoured and others being disadvantaged or devalued. This need not be the result of any conscious prejudice or discrimination but rather of the majority simply following existing rules or norms. Institutional racism and sexism are the most common examples.

Racism

Prejudice, discrimination, or antagonism directed against someone of a different race based on the belief that one’s own race is superior.

Prejudice

Preconceived opinion that is not based on reason or actual experience.

Colonisation

The action or process of settling among and establishing control over the indigenous people of an area.

Discrimination

The unjust or prejudicial treatment of different categories of people, especially on the grounds of race, age, or gender.

Ethnicity, race and culture

Race is associated with biology, whereas ethnicity is associated with culture. Ethnicity is the term for the culture of people in a given geographic region, including their language, heritage, religion and customs. To be a member of an ethnic group is to conform to some or all of those practices.¹²

Definitions from online Oxford Dictionary / Oxford Reference

However, our Chinese ethnic group continues to be subject to overt racial scrutiny. Although significant improvement has been made since the 19th century, the situation more recently has moved backwards. During the past several years, Chinese home buyers – based here and overseas – have been publicly blamed by politicians and others for our housing crisis, particularly in Auckland.

In July an MBIE-funded study challenged claims that increased immigration has driven Auckland’s housing crisis.¹³ The Motu Economic and Public Policy Research study analysed Auckland data from between 1986 and 2013. Researchers found that moving New Zealanders put more pressure on house prices than the same number of immigrants would.

This report post-dates the amendments to our Overseas Investment rules, restricting foreign land and property ownership in order to help cool the housing market.¹⁴ Was this response an example of prejudice i.e. a “preconceived opinion that is not based on reason”?

Chinese people living here are also subject to social exclusion and covert and overt racism, sometimes in a violent manner.¹⁵ A recent Human Rights Commission report recorded many instances of racist crime against Chinese peoples, and also against many other of our minority groups.¹⁶

Embracing other cultural approaches

All institutions and service providers need to acknowledge the underlying differences between the general cultural values of Pākehā and those of Asian, Māori, Pacific people and other ethnic groups.

Māori, Pacific and Asian cultures share many similar cultural values says a recently released study from the Asia New Zealand Foundation; valuing kaumatua/elders, intergenerational living arrangements, food customs, hosting guests/ manaakitanga and valuing the importance of whanaungatanga/relationships.¹⁷

A new approach could be used to test new policies and interventions against the biases inherent in a Pākehā worldview to ensure they work equally well with Māori, Pasifika, Chinese, and other ethnic worldviews. Another approach would be to target specific funding and support – especially at the local level, where ground-up initiatives can get the most traction – towards addressing those inequities that exist today, whether they relate to housing, health, education, social welfare or justice.

A cultural lens must be a large part of the design of future solutions in order to achieve the scale of change necessary to meaningfully alter the status quo.

In [Article 9 of our 2018 State of the State series](#) we explored wellbeing frameworks for Māori and how, in order to improve wellbeing, customer-led interventions using a collective impact and cultural approach have proven to be a viable solution.¹⁹

Treating a person or groups of people in an equitable way means acknowledging that some people require additional resources or assistance to achieve an equal result or outcome as others.

Figure 1: Fundamental values – Pākehā vs. Pacific peoples/Māori¹⁸

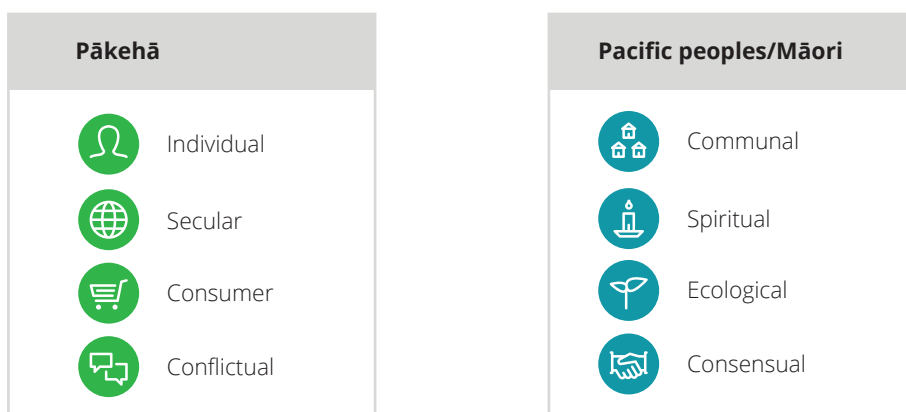
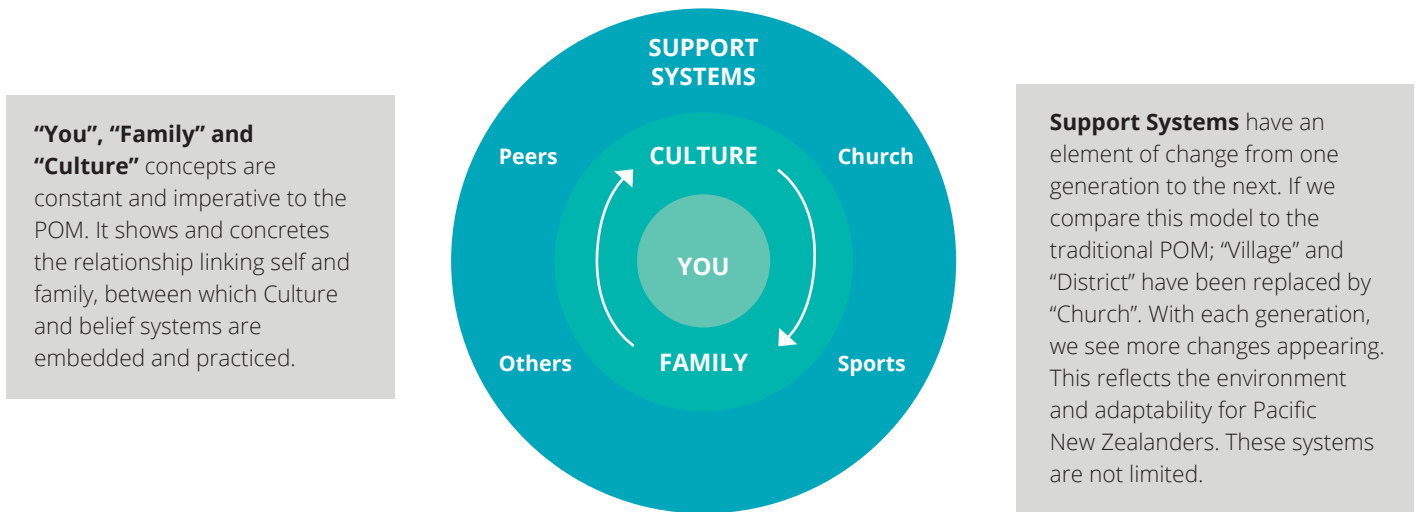


Figure 2: Pacific Operating Model (POM) 2018



“You”, “Family” and “Culture” concepts are constant and imperative to the POM. It shows and concretises the relationship linking self and family, between which Culture and belief systems are embedded and practiced.

Support Systems have an element of change from one generation to the next. If we compare this model to the traditional POM; “Village” and “District” have been replaced by “Church”. With each generation, we see more changes appearing. This reflects the environment and adaptability for Pacific New Zealanders. These systems are not limited.

The Treasury’s Pacific Operating Model will also be a vital tool for the success of programmes.²⁰

Key cultural values include collective responsibility, consensus in decision making, placing family as the dominant relationship and the importance of the church and spirituality. The Ministry for Pacific People’s Pacific Aotearoa project is an example of where the collective voice is heard.²¹ The focus is on Pacific-led solutions for Pacific people that embed their shared cultural values.

In terms of support for Chinese New Zealanders, there are many community initiatives within Chinese community groups and business initiatives through the China New Zealand Council, New Zealand China Trade Association, Asia New Zealand Foundation and through Chinese business leaders themselves.

Overall, our Government institutions are still largely representative of the majority Pākehā culture but new initiatives are underway to begin to unlock the full potential of our diverse identities.²² So how can we ‘decolonise’ our institutions, which are so Western worldview focused, to help ensure all of us in Aotearoa New Zealand can live prosperous, healthy and vibrant lives?

Where to from here?

Given the statistics and evidence above, institutional racism (certain groups are favoured over others) is a problem within our government service providers, as they are not meeting some or all of the needs of non-Pākehā. Increasingly, studies are also shining a light on these issues and the need for change.²³

Addressing unconscious bias, race-based inequity, institutional racism and overt racism is always the responsibility of the more powerful group. Public policy has a vital role in paving the way to a more socially cohesive New Zealand. Treating a person or groups of people in an equitable way means acknowledging that some people require additional resources or assistance to achieve an equal result or outcome as others.

As a starting point, government institutions can start to move beyond compliance level engagement with Māori, Pasifika and Chinese, into meaningfully shared opportunities and values. There are many different techniques and approaches.

Consultation still has its place but the classic approach needs an overhaul, aided by technology, to ensure there is deep engagement and understanding of the needs and wants of non-Pākehā. Co-design of services with Māori, Pasifika, Chinese and other ethnic groups is critical and needs to include co-delivery, co-production and power sharing – ultimately it needs to lead to government services that better reflect the cultures of users.

Examples of success

The Te Hiku Iwi Social Development and Wellbeing Accord is one such example.²⁴ Launched in 2013, the Accord is about Crown agencies working collaboratively with Te Hiku iwi on the co-design of solutions to remove disparities and create socio-economic equity for iwi, hapu and whānau. The approach is a multi-agency one, requiring a significant paradigm shift in the way departments have historically operated and serviced the needs of the Te Hiku community.

The Hōkai Rangi: Ara Poutama Aotearoa Strategy for Corrections, launched by Corrections Minister Kelvin Davis in August 2019, was also co-designed with Māori.²⁵ It incorporates a Te Ao Māori worldview, and aims for greater connectedness with whānau to help address Māori reoffending and imprisonment. This theory of change offers solutions not only for Māori but indeed all prisoners. Importantly, Corrections have implemented Hōkai Rangi as the tuakana (or main) strategy and have created a new Deputy Chief Executive role to lead it. In Article 9 of our 2018 State of State series we identified a series of success indicators for Māori wellbeing initiatives; Hōkai Rangi and the implementation approach of Corrections meets many of these indicators. The strategy is also significant because it heralds a degree of change within Corrections that is arguably disproportionate to the levels Māori in prison – in order to reduce inequities Aotearoa New Zealand will need to deal with some people unequally.

The Institute for Courageous Conversation (ICCAR) was launched in New Zealand in 2016 and aims to bring people together to explore the question: “In a context of ever-increasing racial and ethnic diversity, how can I contribute to a more racially equitable and inclusive society?”²⁶ Unitec was the first to launch the initiative here in order to support students, higher education practitioners, corporations and community organisations to better understand and harness racial diversity in Auckland. The Ministry of Education has also embraced this kaupapa, delivering courageous conversations across its offices as a platform to allow staff to talk about race and inequality.

Rangatahi Courts, Ngā Kōti Rangatahi, have been operating since 2008. The Courts operate in the same way as the Youth Court, but are held on marae and follow Māori cultural processes. Pasifika Courts also operate in the same way as the Youth Court, but are held in Pasifika churches or community centres and follow Pasifika cultural processes.

The way our Government institutions provide services must, as a minimum, match the pace of our changing ethnic landscape

These Courts are designed to help Māori and Pasifika young people, families and communities engage in the youth justice process.²⁷ The outcomes experienced by participants in Rangatahi Courts include whānau participation and involvement in the Court process, cultural pride through a process that strengthened cultural identity, understanding and involvement in the Court process, established connections with the marae and improved communication skills.²⁸

Social procurement redirects the procurement process to favour groups that are usually excluded – such as Māori and Pasifika. An overseas example of success is Supply Nation in Australia.²⁹ Since 2009, Supply Nation has worked with Aboriginal and Torres Strait Islander businesses along with procurement teams to help shape the indigenous business sector. Supply Nation partners with government, corporate and not-for-profit organisations to develop procurement policies that modify and redirect spend to include the traditionally underutilised indigenous businesses. Local examples include He Waka Eke Noa established by the Southern Initiative in Auckland, and recent changes to Government Procurement Rules in New Zealand may encourage further positive initiatives here.

Conclusion

A significant proportion of our government was constructed following a colonial blueprint based on the false ideal of western supremacy. The way our Government institutions provide services must, as a minimum, match the pace of our changing ethnic landscape while also acknowledging Māori as tangata whenua with a unique status. We have a short period of time, less than 20 years, to affect a profound change in the way that our government services operate so that they are more reflective of the cultures that will make up the future Aotearoa New Zealand.

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Article 7

An inclusive digital community

Equity through design

Digital services are a key part of how 21st century New Zealand society operates. Public and private sector organisations are increasingly investing in digital service delivery, and many digital services are contributing to our wellbeing, such as simplifying tax compliance or helping those with newborns access the right support.^{1,2}

Until recently, little attention has been paid to whether digital services and platforms are designed for, and most importantly with, Māori. In general, even New Zealand-based digital services are prioritised, designed and developed from a Pākehā worldview. This does not prevent those services from delivering significant benefits, including to Māori, but it is limiting.

We are only just starting to consider inclusiveness in the way we build our digital community. How can we strengthen digital inclusion through te ao Māori? ➤

By James Clarke



James Clarke is a partner in the Deloitte consulting team in Wellington. He helps organisations do great things with ICT, including strategy, governance, operating models, sourcing and programme delivery. James has a strong focus on the New Zealand public sector.

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Māori principles are not cultural adornment, and are not relevant only to digital services for Māori. Instead they should be seen as a way to add richness and value to our whole digital community.

The Digital Inclusion Blueprint

The Department of Internal Affairs (DIA) recently led the development of the Digital Inclusion Blueprint, providing a useful lens on the critical elements needed for all New Zealanders to benefit from digital opportunities. See below a detailed look at the elements.³

The four digital inclusion elements are:

1. **Access** – having access to digital devices, content, applications and services that meet New Zealanders needs at a cost that everyone can afford. This also includes being able to access an internet connection in multiple ways – at work and for leisure.
2. **Skills** – knowing how to use digital technology correctly and for personal benefit.
3. **Trust** – being able to trust what you see and do online, avoid misleading information and knowing enough about technology and platforms to be able to rely on them to perform functions easily and cheaply.
4. **Motivation** – understanding how digital technology can help New Zealanders both personally, but as whānau, iwi, and communities to connect, learn new things, or access information and long-term opportunities. Motivation requires an understanding in order to have a meaningful purpose to engage with the digital world.

We can look at the first element in relation to Māori as an example.

Access

Unequal access to the internet is a real and well-known issue. Māori are less likely to have easy access to digital services than the wider population.⁴

Many iwi, hapū, community and government organisations have spearheaded initiatives to improve digital access and engagement.⁵ These initiatives, such as the Marae Connectivity project partnering with Te Puni Kōkiri, and the Inclusion Blueprint itself, have made some gains in digital access for rural Māori, civic hubs and marae.^{6,7,8} Since the announcement of Government investment in reliable digital access for regional communities in early 2019, further benefits are anticipated for isolated Māori communities, such as increased social inclusion, cultural connectivity and participation by Māori in the wider community.⁹

Although these initiatives have delivered some improvement, service consistency, cost and uptake in rural areas are still challenges.¹⁰ These challenges can cause major problems for both user and agency alike. For example, the Report of the Independent Review of the New Zealand 2018 Census suggested that some communities were unable to complete the Census due to lack of internet access or provisions for Māori and Pasifika families, requiring 'paper packs' of Census documentation.¹¹

Digital inclusion for all New Zealanders will require ongoing investment in access to the internet. Worse, if access is not properly considered in our investment decisions and service design then we risk building a digital community that reinforces current inequities in our society.

Clearly access is an important element. The same goes for skills, trust and motivation. However they tell us more about the individual user and their environment, rather than the nature of digital services themselves.

A more inclusive approach

Though useful, the four digital inclusion elements give us only a partial view. We think there is an opportunity to add Māori principles for a richer and more inclusive perspective. Combined, we can better inform the prioritisation and design of digital services.

Figure 1: Combining Māori principles and the four digital inclusion elements for improving digital products and services

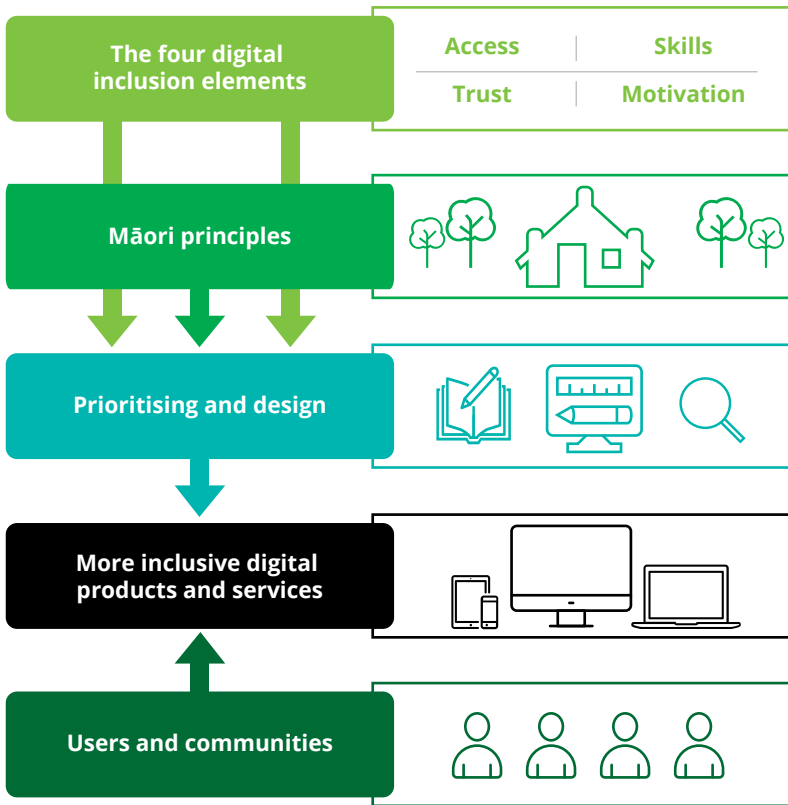
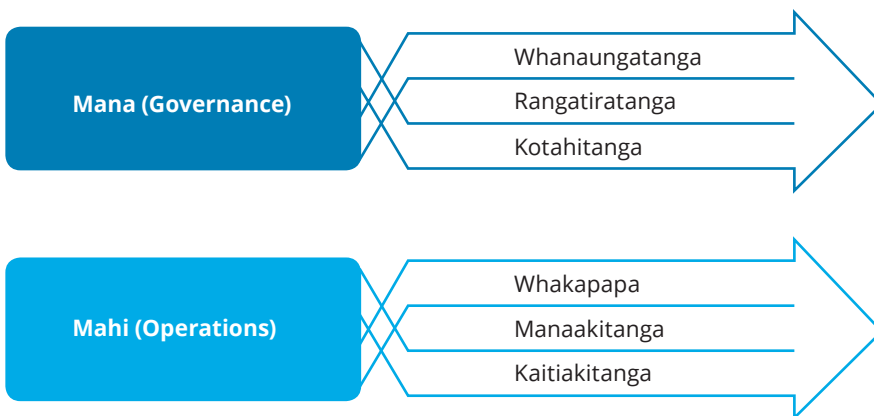


Figure 2: The Mana-Mahi Framework¹³



Innovative solutions

One example of the Mana-Mahi framework in actions is with a Māori-led startup, Āhau. They are looking to bolster Māori digital inclusion through a blockchain solution; finding digital ways to manage identity and access whakapapa, while maintaining trust.

These Māori principles are not cultural adornment, and are not relevant only to digital services for Māori. Instead they should be seen as a way to add richness and value to our whole digital community. Principles such as accountability, stewardship and respect are important to all New Zealanders – and they are well described in the Māori principles.

Te Mana Raraunga has defined Māori data sovereignty principles that we can consider alongside the elements, see Figure 2.¹² Though they are not perfectly complementary with the elements, we think that together the two frameworks provide a good way to make inclusion an explicit part of our digital thinking.

If we can use the combined elements in our prioritisation and design of digital services we could:

- Better elicit customer needs – producing better services for New Zealanders
- Allocate our time and money to the most impactful services
- Identify constraints and dependencies that are limiting our digital community
- Reinforce our Māori heritage, values and language across business and technology sectors
- Create richer and more distinctive digital services and approaches in New Zealand, adding a more valuable perspective to global digital development

Not only will we create better digital services, the way we do it will be more beneficial. We can support the 2019 Wellbeing Budget goal of furthering the aspirations of Māori, while also building a better digital community for all New Zealanders.

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Article 8

Opportunities for all

Recommendations for a fairer future

Our State of the State 2019 articles have explored inequities and how they affect New Zealanders' opportunities to grow wellbeing.

Our State of the State 2019 articles have explored inequities and how they affect New Zealanders' opportunities to grow wellbeing. For a prosperous and liberal country, it can be hard to understand the scale of systemic disadvantage that exists here, and the challenge that many New Zealanders experience every day to access the rights that many of us enjoy.

We've described a landscape woven through with seams of wealth and advantage, where improving wellbeing should not be about growing more of the same inequitable distribution of financial/physical, social, human or natural capital.

Rather, we should be looking behind the statistical averages to understand how individuals and communities would benefit from a greater share of our national resources, and at policies that explicitly address inequities by recognising that a fair future for all will only come from tilting the balance towards those who are disadvantaged.

In this final article of the series, we present six conclusions and six recommendations we believe will make a real difference to inequities in New Zealand. ➤

By David Lovatt

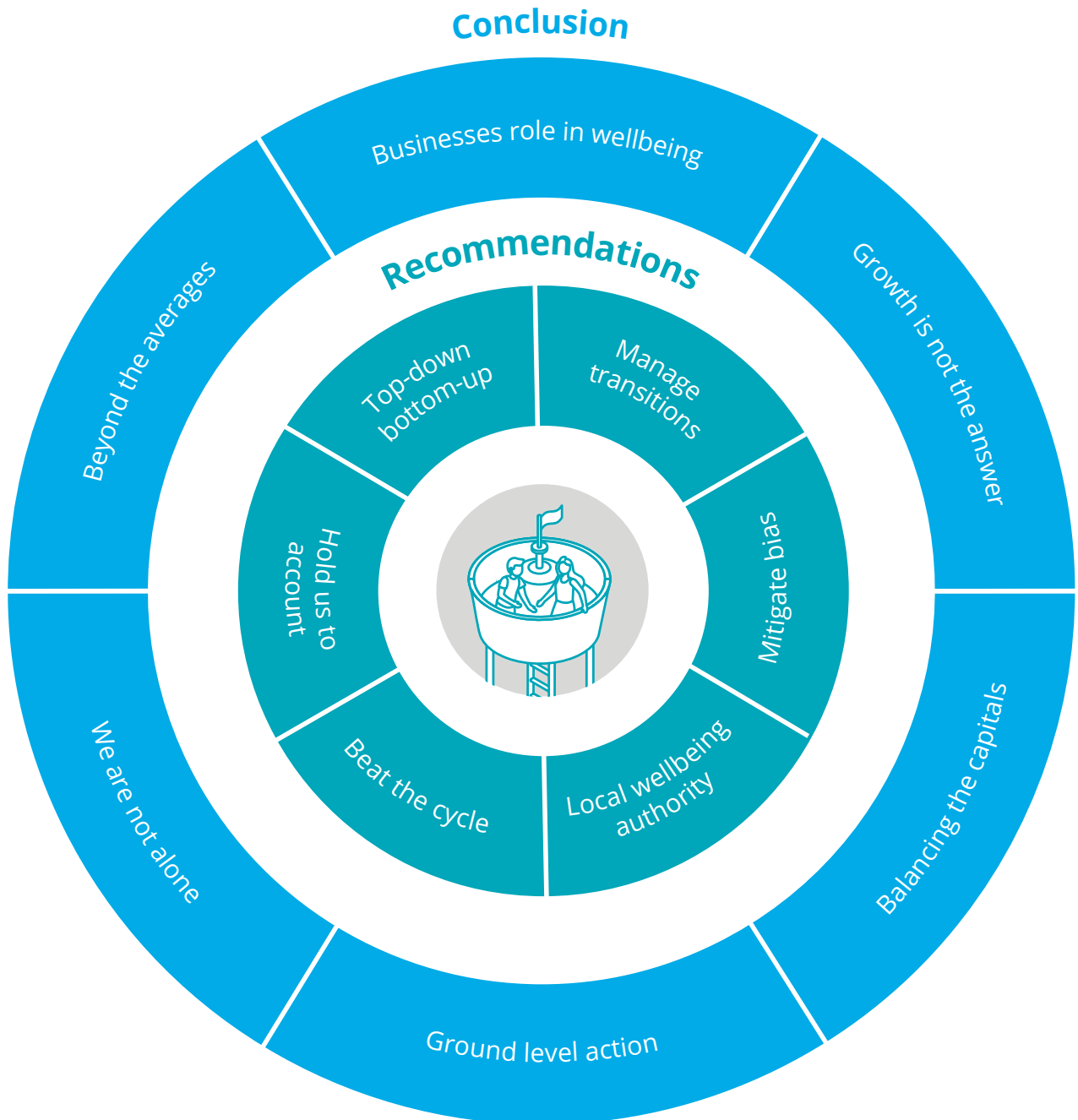


David Lovatt is Deloitte New Zealand's national leader for the public sector. His passions lie in helping public sector organisations be more successful in a rapidly changing and dynamic environment. He does this by focusing on strategy and transformation, citizen and government outcomes, innovative services and new ways of working, and the growth of new public sector capabilities.

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Figure 1: Six conclusions and recommendations for a fairer future



Conclusions

1 Beyond the averages

We have to see beyond aggregate and average measures of wellbeing to look at distribution/equity measures as well. Reporting these metrics alongside averages makes it clear how wellbeing varies across population groups – for example by gender, location, ethnic group, disability or employment/economic status.

Reporting, data and analytics are very useful, as they throw light on inequities and highlight where they exist. They allow us to ask “why?” and consider whether a change in policy, practice, or process might help to address inequities. However, visibility is not action, and more than reporting is needed to change outcomes for the better.

4 Balancing the capitals

Balanced growth – where we focus on growing all four capitals together, not just financial/physical capital – **is an important contributor to overall wellbeing.** Balance can only be maintained if we understand people’s preferences and trade-offs and how these change over time, and if we increase participation to tap into civic insights.

For example, most councils in New Zealand are focused on minimising rates growth, but this is just one setting on a sliding scale that could include a much higher level of social spend and infrastructure in return for higher rates. Different communities have different preferences, and these need to be understood otherwise assumptions or averages will drive decisions.

2 Businesses role in wellbeing

Business can be a significant contributor to growing wellbeing, but business activity is also a source of inequity. There are guardrails, incentives and rewards that could encourage business to proactively address equity issues.

Examples where business can lead include the gender pay gap; improved procurement practices; supply chain assurance; environmental impacts of operations; and improved access to reduce digital inequities. When businesses act with purpose on these issues they can have a big impact and generate momentum to sustain a following.

5 Ground level action

Ground-level action needs to be focused on specific inequities otherwise they’ll never go away. The old concept of “trickle down” – where resources and benefits flow to those who need them – may need to be replaced with an alternative model of “trickle up” – where directed action at a local level accumulates to reduce inequities and grow overall wellbeing.

Place-based programmes such as the Southern Initiative in South Auckland are contributing to important changes at the local level that reduce inequities at a micro-scale for individuals, whānau and communities. Such programmes will need high-level policy support and resource reallocations in order to access enough resources and be easily scalable to other locations.

3 Growth is not the answer

Economic growth cannot be relied on to deliver improved wellbeing for everyone, as the benefits of growth tend to fall inequitably. It will require a reallocation of resources, even in the presence of growth, to address the most significant inequities that exist in our society. Transition support may be required for those who are impacted by resource reallocations.

Growth creates value, but that value does not always benefit those who need it most. For example, a current issue in New Zealand is how the effects and benefits of tourism growth – already our largest export-earner – impact communities and regions from a social, human and natural capital perspective, without them also receiving a fair share of the industry’s financial/physical capital growth. Explicit reallocations of resources can address inequities but can mean that some who would otherwise have benefited might have to miss out.

6 We are not alone

New Zealand does not exist in isolation. We need to be aware of our international obligations to improve wellbeing, and consider what interventions are needed by those experiencing disadvantage within our backyard and broader community of nations.

For example, we have responsibilities that extend into the Pacific and across the globe. What could New Zealand do to enhance wellbeing for others in our regional and global community, and address inequities outside our nation’s borders?

Recommendations

A Top-down bottom-up

Drive wellbeing growth from both top-down policies and bottom-up action. Settings and outcomes, as well as large scale resource reallocations, should happen top-down. Specific interventions and actions to improve the distribution of wellbeing and ensure inequities are addressed should happen on a local level, within communities, geographies, businesses, schools, towns and cities – anywhere inequities are tangible barriers to a fair future for all.

B Manage transitions

Explicitly plan and support transitions that help to deliver greater equity. For example, when we reallocate health spending between population groups, provide public services in areas without other practical alternatives or invest in additional services for people who have historically been treated inequitably, we may also need to manage the impact of those reallocations on the people and communities who have “to give up something”. This may increase the cost of equity-focused policies, but it will directly address transition impacts that could otherwise be a barrier to acceptance or implementation.

C Mitigate bias

Actively monitor and mitigate potential biases in policy and decision-making, whatever the source of the bias. Unconscious bias can erode the benefits of well-intentioned policies. The public is becoming more aware of the risks around biased data and algorithms, and there’s now a proposed Algorithm Charter to deal with this. But so much of our government agencies’ current policy “locks in” inequitable outcomes for particular population groups through accepted practices which needs more transparency, scrutiny and oversight to remedy.

D Local wellbeing authority

Increase local communities’ delegated authority to make decisions on their own wellbeing priorities. This will require improved decision-making frameworks that enhance meaningful civic participation and the provision of better information on the current distribution of wellbeing and where inequities exist. It may also require new community engagement models that are rarely used in New Zealand. Central and local government could consider how to enable local communities to take greater responsibility for the decisions and services that most affect their wellbeing, and whether this could involve a change in the balance of responsibilities between the different arms of government.

E Beat the cycle

Address the limitations caused by short-term political cycles by empowering government agencies to reallocate budgets and enter into multi-year commitments that extend beyond traditional budget and election horizons. Service providers such as community organisations and NGOs could then more confidently invest in long-term capabilities and resource shifts to address underlying inequities. This investment would require evidence supporting any new initiatives and support from a participatory body such as a citizens’ assembly or budget.

F Hold us to account

Hold us all to account for improving the distribution of wellbeing by enhancing existing bodies – such as the Human Rights Commission – and their ability to participate in important conversations about equity in New Zealand, such as establishing Budget priorities. Consider setting up an Independent Wellbeing Commission that can set wellbeing distribution goals to address inequities, report on progress towards these goals and has the power to act on government policies and practices that are clearly inequitable.



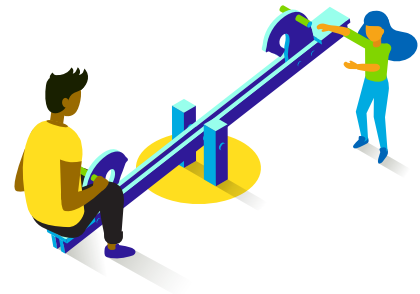
Fairness lies at the heart of Kiwi values - the opportunity to get ahead regardless of where an individual is starting from. We’ve seen from this year’s State of the State articles that New Zealand has many inequities that act as a barrier to opportunity. Knowing these barriers exist won’t make them go away, but if we act with intent and visible effect then we can translate wellbeing growth into better outcomes and a fair future for all.

An overview of the series:

Article 1

Building a fair future for all: An introduction to State of the State 2019

“At the heart of Kiwi values we believe in fairness, that everyone has the right to a fair go regardless of their personal characteristics, social condition, or access to wealth or resources. Now, with the recent launch of government’s first ‘wellbeing budget,’ we consider one of the greatest risks to successfully growing wellbeing for New Zealanders: that opportunities for greater wellbeing will fall inequitably across society, and that injustice extends beyond financial capital into the social, human and natural capital domains.”



Article 2

Addressing equity in intergenerational wellbeing: Valuing community perspectives

“We must begin by understanding how wellbeing can be best interpreted into local contexts. If the role of government is to provide equal genuine opportunities for wellbeing, then we must be taking into account all the complications and trade-offs that occur when it is applied in a messy, complex, and sometimes ambiguous real-world system. While not a straightforward process, this carries the benefit of bridging the disconnect between macro-level wellbeing that influences policy recommendations and local wellbeing outcomes.”



Article 3

Civic engagement: Harnessing voices to expand choices

“There is a strong case to look at more meaningful practices to expand our current approaches to civic participation in a way that ensures all voices – and those of minority communities in particular – are considered within civic decision making. In doing so, we will increase the accountability of decision makers to the currently silent minority groups who have the most to gain from reducing the inequitable distribution of wellbeing within New Zealand.”



Article 4

Balancing the load: Principles for an equitable tax system

“Fairness is subjective and based on our personal contexts. We all think differently about whether indirect taxes like GST should be more pronounced, whether those who earn more should pay a greater proportion of their income in tax, or whether capital is or isn’t taxed more comprehensively. The spectrum of opinion means that no version of the tax system will seem truly fair to all.”



Article 5
Inclusive growth: Reframing success

“Growth is one of those goals that shows up everywhere. It is in the budget statements of nations, the annual reports of corporations and the personal development plans of individuals. Everyone is aiming for growth. The most common economic application of growth is to represent an increase in GDP – the gross domestic product of a nation. But in a wellbeing world where GDP is not the only measure of success, how do we grow and how do we address inequities while doing so?”



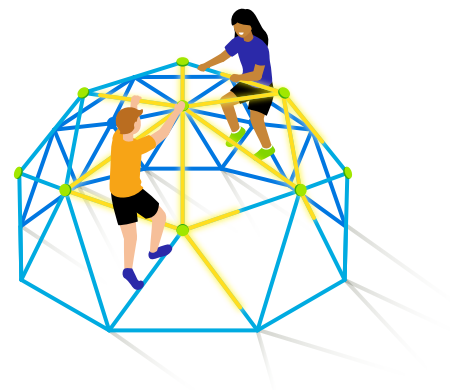
Article 6
**Delivering better outcomes together:
Policies that reflect our diverse cultures**

“New Zealand is proud of its diversity and on average our prosperity is growing, but this masks the fact that many of our people do not have the same experience or opportunity of quality of life, equality and social inclusion. Minorities, immigrants, our Pasifika whānaunga, Chinese and Māori often, sadly, share a common unifying experience of being diminished because of our culture, race or ethnicity. We have a short period of time, less than 20 years, to affect a profound change in the way that our government services operate so that they are more reflective of the cultures that will make up the future Aotearoa New Zealand.”



Article 7
An inclusive digital community: Equity through design

“Digital services are a key part of how 21st century New Zealand society operates. Public and private sector organisations are increasingly investing in digital service delivery, and many digital services are contributing to our wellbeing, such as simplifying tax compliance or helping those with newborns access the right support. Until recently, little attention has been paid to whether digital services and platforms are designed for, and most importantly with, Māori. In general, even New Zealand-based digital services are prioritised, designed and developed from a Pākehā worldview. We are only just starting to consider inclusiveness in the way we build our digital community. How can we strengthen digital inclusion through te ao Māori?”



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