

27 August 2021

New Zealand Productivity Commission  
By: Online delivery

Dear Sir/Madam

**SUBMISSION ON 'A FAIR CHANCE FOR ALL, BREAKING THE DISADVANTAGE CYCLE INQUIRY - TERMS OF REFERENCE'**

We appreciate the opportunity to make a submission on 'A Fair Chance for All, Breaking the disadvantage cycle Inquiry – Terms of Reference'. Please find attached a copy of a submission which has been prepared with input from Peter McKinlay. This submission is supported by the following Chief Executives:

- Richard Briggs      Hamilton City Council
- Garry Dyet          Waipa District Council
- Gareth Green      Taupo District Council
- Chris Ryan          Waitomo District Council
- Ben Smit             South Waikato District Council
- Geoff Williams     Rotorua Lakes Council
- Rob Williams       Thames Coromandel District Council
- Tanya Winter       Otorohanga District Council
- Don McLeod        Matamata-Piako District Council
- Chris McLay        Waikato Regional Council

Please note that due to timing constraints, the submission has not yet been reported to and/or endorsed by, the Elected Members of the above-mentioned organisations.

The submission was electronically submitted on 27 August 2021.

Please contact me in the first instance with regard to any queries/clarification required in respect of the submission. I can be contacted by email: [Garry.Dyet@waipadc.govt.nz](mailto:Garry.Dyet@waipadc.govt.nz) or mobile: 0275720043.

Yours sincerely



Garry Dyet  
Chief Executive

**Attachment: Submission on 'A Fair Chance for All, Breaking the Disadvantage Cycle Inquiry - Terms of Reference'**

# Submission

**A Fair Chance for All, Breaking the disadvantage  
cycle Inquiry – Terms of Reference**

**August 2021**

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## Introduction

This submission is supported by the Chief Executives of Hamilton City Council; Waipa District Council; Taupo District Council; Waitomo District Council; South Waikato District Council; Rotorua Lakes Council; Thames Coromandel District Council; Otorohanga District Council, Matamata-Piako District Council and Waikato Regional Council, as part of the work they are undertaking on the future of local government.

The New Zealand Productivity Commission will be aware that the Government is undertaking a series of major reforms on the role of local government in areas such as three waters and land use planning. In association with those reforms, the Government has also instituted the *Future for Local Government Review*.

The terms of reference for that review include the following statement of the government's understanding of the significance of local government within New Zealand's democratic processes:

*The Government acknowledges local government's critical role in placemaking and achieving positive wellbeing outcomes for our communities. Stronger local democratic participation, active citizenship and inclusion will support local government in this role. There is an opportunity to strengthen the role of local participation in governance and continue to foster the strength of our open, transparent, and connected democracy.*

## Focus of this Submission

The focus of this submission is on the contribution which could result from drawing on local government's statutory purposes of promoting local democratic decision-making and action by and on behalf of communities; and promoting the social, economic, environmental, and cultural well-being of communities in the present and for the future.

We note the New Zealand Productivity Commission's suggestion in its consultation document that "We may do "deep dives" into particular topics where there is potential to help shift the dial on reducing persistent disadvantage."

This submission invites the New Zealand Productivity Commission to undertake a "deep dive" into the opportunity presented by drawing on local government's statutory purpose of promoting community well-being to contribute to reducing persistent disadvantage.

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The balance of this submission covers:

- Background - commonality between Te Ira Tangata and international understanding of well-being; the emergence of the well-being budget; and its emphasis on individual rather than community well-being.
- Analysis - the absence in the living standards framework indicators of any comprehension of the place of community; a compare and contrast between the Welsh and Scottish practice with its emphasis on the place of local government and in working with communities, including emphasis on the role of communities in tackling inequality, and New Zealand practice; and research highlighting the pivotal role of communities.
- Recommendations

## **Background**

### Understanding well-being

One way of understanding persistent disadvantage is as the absence of one or more of the crucial elements that contribute to well-being. The following extract from the consultation document's discussion of Te Ira Tangata illustrates this:

*One of the key concepts here is that people and collectives have mana (power, authority or agency). People thrive when they have the resources they need, are empowered to grow and develop, and can connect with others. Individuals are shaped by their social experiences and circumstances, and their culture.*

There is a very close relationship between that description and the way that well-being is understood by a number of leading international researchers and practitioners. As an example, the following is taken from the homepage of the Carnegie UK Trust which has been actively involved in researching and facilitating the development and implementation of well-being practice for more than 100 years:

*At Carnegie UK we're all about wellbeing. We have been ever since we were set up over 100 years ago. Wellbeing has meant different things to different generations. Right now, the world around us is changing in ways that mean it is time to rethink how we help people to live well together. This is what 'wellbeing' means to us today. It is about everyone having what they need to live well now and in the future.*

*Looking after the wellbeing of all citizens – our collective wellbeing – is a powerful way of creating a society where everyone can live well together.*

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## The silo problem - on to the well-being budget

The New Zealand Productivity Commission's 2015 report, *More Effective Social Services*, implicitly acknowledged the difficulties which central government has in working effectively in ways which promote well-being as can be seen from the following extract from the summary report:

*Government agencies often fail to work effectively with each other and with others such as family, friends, providers and community groups who each have a potentially important influence on outcomes. This is partly due to the structure of government and the arrangements in place to promote the judicious use of public funds. Other factors are political debate and point scoring, and close media scrutiny. Together, these factors act to the detriment of effective service delivery by driving operational issues to the top of the system, and by promoting risk aversion and micro-management.*

The Government's adoption of a well-being budget was very clearly intended to shift significantly the way in which government services are designed, targeted and delivered so as to ensure Government's activities are focused on improving well-being, as can be seen from this extract from the Minister of Finance's introduction to the 2019 budget:

*New Zealanders want us to measure our success in line with their values – the importance of fairness, the protection of the environment, the strength of our communities. That is what this Wellbeing Budget sets out to do.*

*Many countries around the world have begun to look at different ways of measuring success to better reflect the wellbeing of their people. This Budget goes further and puts wellbeing at the heart of everything we do.*

Statements of aspiration matter. Councils recognise that the Minister of Finance and his colleagues are very genuine in their wish to shift the emphasis in government policy development and implementation so that it is explicitly focused on improving well-being.

That said, what matters most is not the statements of aspiration themselves, but the chosen means of implementation, and the success of those means in practice in achieving the desired outcomes. The introduction to the 2019 budget provides a brief overview of the approach Government had decided to apply:

*To set the priorities for this Budget, we used evidence and expert advice to tell us where we could make the greatest difference to the wellbeing of New Zealanders. Each bid for funding required a wellbeing analysis to make sure that funding would address those priorities. We have broken down the silos of government to support programmes that bring together agencies to solve the big challenges of our time.*

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## An individual rather than a community focus

New Zealand is an outlier in terms of its approach to developing and implementing policies intended to improve well-being. Improvement is intended to be achieved through the collaborative development and implementation of policies by government departments and ministries. The metrics against which they are required to measure their bids, and which will be used to judge their performance, are indicators developed by the Treasury as part of its living standards framework. Collaboration is required where more than one department or ministry is responsible for activity impacting on the same indicator. Overall success of the well-being approach is to be evaluated for the first time in 2022 and thereafter every four years, with the Treasury being responsible for evaluation.

The focus of the living standards framework itself is very much on the impact on individuals rather than collectives. The Chief Executives supporting this submission believe, consistent with their statutory purpose, and based on very substantial international research on well-being, that well-being is not just a matter of individual well-being, but is also a matter of collective and community well-being. This is especially the case when questions of social cohesion and persistent disadvantage are taken into account. Time series reflecting issues such as deprivation, show disadvantage is persistent over time within particular communities suggesting that addressing persistent disadvantage is not just a matter of trying to target government policies towards particular individuals or families, but is very much a matter of determining and implementing initiatives which improve community well-being (see the 2013 and 2018 interactive maps at: <https://www.fmhs.auckland.ac.nz/en/soph/about/our-departments/epidemiology-and-biostatistics/research/hgd/research-themes/imd/maps.html> ).

The next part of this submission looks first at the most relevant indicators in the living standards framework, in terms of understanding how it addresses issues which are inherently community in their nature; then compares New Zealand's approach to well-being policy and practice with the approaches in Wales and Scotland; and finally draws on a number of research reports highlighting the pivotal role of communities in well-being.

## **Analysis**

### Living Standards Framework Indicators

To understand how the LSF addresses the place of community, we looked at the two domains which most closely address matters that would normally be understood as encompassing the nature of communities and their contribution to well-being, civic engagement and governance; and social connections. The indicators appear below. All report in terms of perception/behaviour/attitudes of individuals, none of them reflect any relationship to an understanding of the role of communities in well-being. Perhaps most importantly, none of the indicators for the civic engagement and governance domain reflect any awareness of the importance of community governance in the sense of communities themselves exercising voice,

choice and control over decisions which affect their place (see more on this issue below in discussion of the think tank Locality’s report on the findings of its Commission on the Future of Localism).

Domain	Indicator	Units
Civic engagement and governance	Perceived corruption	Corruption perception index score on a scale from 0 (highly corrupt) to 100 (very clean)
Civic engagement and governance	Trust in government institutions	Percentage of adults who, overall, trust the public service
Civic engagement and governance	Voter turnout	Percentage of enrolled electors who voted in the general election
Social connections	Discrimination	Percentage of adults who experienced discrimination in the past 12 months in New Zealand
Social connections	Loneliness	Percentage of adults who felt lonely at least some of the time in the last four weeks
Social connections	Māori connection to marae	Percentage of Māori adults who feel strongly connected with their ancestral marae
Social connections	Social network support	Percentage of adults who had face to face contact with friends who do not live with them at least once a week

### Wales and Scotland: a comparison with New Zealand

In both Wales and Scotland, as in New Zealand, it is government which leads the process of determining what indicators should be used. Both countries have also embedded their well-being policy in statute; *The Well-being of Future Generations Act* in Wales and the *Community Empowerment (Scotland) Act* in Scotland. However, in both countries it is local government which plays the pivotal role in assessing well-being status and developing and implementing measures intended to improve well-being outcomes.

In Wales this responsibility is exercised through public service boards, overseen by the Future Generations Commissioner as an independent public official not subject to government direction. Each local authority district is required to have a public service board. It is chaired by the council and includes the local health board, the fire and emergency service and Natural Resources Wales. It may also by invitation include a range of other public bodies and community representatives.

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The role of the Future Generations Commissioner is unique internationally as being an independent statutory officer responsible for overseeing compliance with the requirements imposed by well-being legislation. It's a model which contrasts sharply with the New Zealand decision that the Treasury should have the primary role in evaluating the impact of well-being policy especially given Treasury's pivotal role in determining well-being initiatives through the budgetary process.

The significance of the Commissioner's role is recognised in this statement by the UN Secretary-General (emphasis added):

*We are encouraged to see that many governments are rising to the challenge of placing well-being at the front and centre of their policies... The Commissioner responsible for well-being in Wales is independent from Government, and is **basically a Commissioner who is in charge of telling the Government whether the Government is doing a good enough job in terms of citizen well-being. Now that is a very interesting model, because all of us are used to the government being the one to tell us what is right** and therefore depends on how inspired and how dedicated or focused as the leader or the minister in terms of well-being itself. But when you have an external, independent authority who is hopefully well resourced and well-staffed, it gives examples of institutions and 'how to do it'.*

The Commissioner's oversight role includes providing extensive guidance to public service boards, guidance they are not required to observe but in practice the Commissioner's persuasive power is very considerable (each public service board must publish the advice it receives from the Commissioner).

In the guidance she provides there has been a strong emphasis by the Commissioner on the place of community and of engagement, reflecting her office's priority expressed in advice to the Cardiff Public Service Board that "a priority for my office is encouraging public bodies and PSBs to make sure that they are firstly involving people and communities in ways that give them greater insights into people's lived experiences of public bodies, and secondly acting upon these insights when they make decisions and deliver services."

The Future Generations Commissioner is required to publish a report on progress with implementing the requirements of the well-being legislation not less than one year and a day before the next general election for the Welsh Assembly. The first report was published in 2020. Her foreword comments on the impact of the Covid 19 crisis but goes on to acknowledge very significant progress including in working with communities:

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*Despite this, I am also seeing some excellent practice emerging in how public bodies are responding. Many of these responses are in line with the aspirations of the Well-being of Future Generations Act – the partnership working, engagement with the private sector to find innovative solutions, new ways of working and increased use of technology in delivering services, the decrease in carbon emissions, and the programmes which are working with communities to provide services, are particularly notable.*

The approach taken in Scotland is somewhat different from that in Wales. First, there is no equivalent of the Future Generations Commissioner. Secondly, the emphasis on working with communities is somewhat stronger in the way in which the legislation, the *Community Empowerment (Scotland) Act 2015*, expresses the obligation.

Each local authority and a wide range of listed public bodies, basically the Scottish government's service delivery agencies (together the community planning partnership), are required to carry out planning for the area of the local authority. The purpose of planning is improvement in the achievement of outcomes from the provision of services by those bodies.

In carrying out community planning, the members of the community planning partnership are required to participate with each other and with any community body likely to be able to contribute to community planning, having regard in particular, to which of those bodies represent the interests of persons who experience inequalities of outcome which result from socio-economic disadvantage.

The Scottish government has issued guidelines for community planning which include a section setting out a *Summary of Expectations - Principles of Effective Community Planning* covering: Community participation and co-production, Tackling inequalities, Shared leadership. For the New Zealand Productivity Commission's inquiry, the principles on tackling inequalities are notable for the very strong emphasis placed on the role of communities:

- The CPP has a strong understanding of which households and communities, both of place and of interest, in its area experience inequalities of outcome which impact on their quality of life.
- The CPP focuses its collective energy on where its partners' efforts can add most value for its communities, with particular emphasis on reducing inequalities.
- The CPP develops locality and thematic approaches as appropriate to address these, with participation from community bodies representing the interests of persons experiencing inequalities.
- The CPP should build the capacity of communities, particularly those experiencing inequality, to enable those communities, both geographic and of interest, to identify their own needs and opportunities; and support their efforts to participate effectively in community planning, including in the co-production of services.

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As Scotland has no equivalent of the Future Generations Commissioner for Wales, there is no equivalent for Scotland to the Commission's periodic report on implementation (the Scottish audit office does undertake occasional reviews the last of which was done in 2018). More relevant from a New Zealand perspective in assessing progress, including working with communities, are the annual reports which all community planning partnerships are required to publish. A useful example which provides an indication of the importance of a community focus, enabling community organisations, is the North Ayrshire community planning partnership whose 2019/20 annual report can be accessed at: <http://northayrshire.community/wp-content/uploads/2020/10/NACPP-APR-19-20-FINAL-1.pdf>

As a cautionary note for interpreting Scottish experience. It should be noted there is currently a significant debate within Scotland over what is still seen as the somewhat overly centralised nature of Scottish government notwithstanding initiatives such as community planning. This is being addressed in a number of ways, including a local governance review being undertaken jointly by the Scottish government and the Convention of Scottish Local Authorities, a review which has a strong emphasis on an ambitious approach to community empowerment and the fiscal and functional empowerment of local government.

There is also a strong body of current research and civil society representations supportive of the importance of community. A very useful example is the recently released report *A Scotland of Better Places* (available at: <https://policyscotland.gla.ac.uk/a-scotland-of-better-places-report/>). At the webinar launch of this report, the Scottish Minister for recovery suggested community empowerment is the only way forward.

Both Welsh and Scottish experience can be seen as still 'work in progress', a hardly surprising situation giving the enormous cultural change involved in shifting the understanding of public sector activity from an inherently top-down, government has all the knowledge and skills required to deliver effectively, to much more of a co-governance/partnership approach acknowledging the unique resources and capabilities inherent in communities. What both demonstrate, however, especially the Scottish experience, is that addressing persistent inequality is best and in all likelihood only capable of being done in partnership with, and drawing on, the lived experience and capabilities of communities themselves.

The submission turns now to a small sample of the extensive research on the role of communities and the importance of working in partnership with communities in promoting well-being and meeting community needs.

#### Locality - People Power: Findings from the Commission on the Future of Localism

This report comes from the think tank Locality. It results from a nine-month enquiry overseen by a group led by Lord Bob Kerslake, a former head of the home civil service. The focus of the enquiry was on the effectiveness of the policy changes anticipated by the passage of the *Localism Act 2011*. The essence of the report's findings is summed up in this paragraph:

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*Localism must be about giving voice, choice and control to communities who are seldom heard by our political and economic institutions. Localism should enable local solutions through partnership and collaboration around place, and provide the conditions for social action to thrive. Localism is about more than local governance structures or decentralising decision-making. It is about the connections and feelings of belonging that unite people within their communities. It is about how people perceive their own power and ability to make change in their local area alongside their neighbours.*

### New Local - Community Power: The Evidence

This report from New Local, previously the New Local Government Network, is the latest in a series of reports in New Local's work on what it terms 'the community paradigm'. This work is a fresh look at the role and nature of communities in a world of increasingly complex and expensive demands on the public sector. The reports, as a series, make a strong case that communities have a pivotal role to play in enabling effective responses to needs which traditionally have been addressed by the public sector. The following paragraph from the foreword to the report sums up its findings:

*This report sets out, in an utterly compelling way, why one essential part of that change must be a massive expansion of community power: in decision-making, collaboration and meeting community needs. The case for doing this, and the positive impacts it would bring to the health and wellbeing of communities and individuals, community cohesion, prevention and long-term value are evidenced through practical case studies, both in the UK and internationally. Community power also offers the opportunity to move beyond the binary state versus market debate that dominates our politics.*

### Carnegie UK Trust

Page 2 above, introduced the Carnegie UK trust, setting out its understanding of well-being. In this section we set out the basic conditions for achievement of well-being which the trust has distilled from its experience over the years of acting as a researcher, adviser and partner on enabling well-being in each of the four jurisdictions of the UK, with the OECD, and in international consultations.

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**Give people voice and choice:** recognising that wellbeing cannot be 'done to' people, it has to be done by and with them.

**Recognise relationships:** understanding the importance of human relationships and social connectedness.

**Promote dialogue:** encouraging conversations and interactions between diverse communities, sectors and professions.

**Support subsidiarity:** advocating local decision-making which reflects the needs and priorities of people living in that place.

**Enhance transparency:** opening up access to knowledge, data and evidence to support people themselves taking action on wellbeing.

**Tackle poverty:** knowing that people need to have their basic needs met before they can improve other aspects of their wellbeing.

**Further equality:** knowing that wellbeing cannot flourish when there is inequality between people and communities.

**Focus on long-termism:** safeguarding the collective wellbeing of future generations.

## **Recommendation**

That the New Zealand Productivity Commission's Terms of Reference for '*A fair chance for all, Breaking the disadvantage cycle Inquiry*' include a 'deep dive' into the conditions for effective implementation of well-being policy, including the importance of community well-being; and the role of both communities and councils in the promotion of well-being, including mitigating conditions within communities, which give rise to persistent inequality.