

## Fairness or equity – vital for policy advice but technically tricky

Most policy decisions entail changing the distribution of some aspect of well-being between society's sub-groups. These shifts in relative positions are about *equity*, and in this masterclass, we examine this topic and offer some thoughts to advisors on how to handle it.

### Fundamentally, there are different ways of talking about fairness...

Among the tricky problems that policy advisors face are the problems that involve making judgements about 'fairness'.

The issue involves examining the situation or treatment of groups of people in **relation** to one another. It is a concern that resonates with people, as evidenced by the frequency with which the issue of fairness is raised in policy debates.

In the current environment, this type of concern can be shorthanded to 'equity.'

### Diversity of views

Making the problem worse is that analysis over time reveals different perspectives on fairness and equity. Seven of these can be summarised – see Table 1.<sup>1</sup> Looking at these types can be a useful way of thinking about fairness. It also helps the analyst see different angles relevant to applying fairness to the specific issue of current concern.

This ambiguity, however, has a number of unfortunate consequences for policy advice.

First, the issue (discussed further below) of choosing the appropriate measure for the situation in question.

It will depend on the type of equity that is 'right' for the circumstances.

Second, with various ways of thinking about equity, there is a likelihood that different people will prefer different approaches.

**Table 1 Different types of equity**

Philosophical basis	Plain English interpretation
Utilitarianism	Fairness means society is as well off as possible overall
Maximin	Fairness means the worst off are as well off as possible
Prioritarianism	Fairness means worse off people have priority over better off people
Sufficientarianism	Fairness means everyone has enough
Libertarianism	Fairness means respecting individual rights and freedoms
Luck egalitarianism	Fairness means people start out with equal opportunities and are rewarded for effort
Relational egalitarianism	Fairness means people treat each other as equals

Source: NZIER (2024) based on Thompson (2022)

<sup>1</sup> These are discussed in more detail in Thompson's (2022) useful piece.

Unless there is a chance to establish which definition is being employed, complications will ensue.

And that is just at the level of communications – different approaches reflect different fundamental values, which means it is likely to be difficult to make decisions about policy involving equity.

Third (when you thought it was already bad enough), the same person can hold different views of equity for different circumstances or even (with a change of mind, which may or may not be acknowledged) at different times.

Again, the possibilities of confusion are clear, and the difficulties of decision-making are even more obvious.

### Recent challenges – no easy answers

Our recent policy-making history has shown how these technical problems can be tricky and complicate policy advice. For instance, when an election promise about child poverty reduction was being operationalised, a simple numerical indicator was needed to assess the results. This entailed a specific choice of measure.

Closer examination revealed a complicated situation, and the upshot was summed up in a press release:

*“There is no single measure of poverty in New Zealand. The Child Poverty Reduction Act 2018 (the Act) sets out a multi-level, multi-measure approach to measuring child poverty.”<sup>2</sup>*

So, there is no broad, simple equity framework to use. Each situation is addressed on its own merits.

Moreover, as New Zealand policy advisors, we have our own special concerns to take into account.

<sup>2</sup> <https://www.stats.govt.nz/news/child-poverty-statistics-show-all-measures-trending-downwards-over-the-last-three-years#:~:text=Poverty%20rates%20for%20all%20New,inc,ome%20before%20deducting%20housing%20costs>

### Aotearoa New Zealand’s special equity aspect is Te Tiriti and its implications

The Treaty wording has been developed by the courts into principles.<sup>3</sup>

One is based on Article Three and is known by some commentators<sup>4</sup> as “The Principle of Equality”, built on that article’s guarantee of legal equality between Māori and other citizens of New Zealand. This part of the Treaty deserves careful attention.<sup>5</sup> It is, though, only one section of a larger document.

With this in mind, some recent scholars see the basic Treaty principles as the three Ps – partnership, protection and participation.<sup>6</sup>

However, this three-pronged basic approach still faces the wider problem discussed above of making equity a usable and applicable concept.

For instance, taken on its own, the participation idea may be seen as wide enough to include equal opportunity or possibly even include proactive provision. In the context of policy use, however, this broad concept seems insufficiently developed to provide practical guidance for advisors grappling with complicated social issues. So, the question remains whether the Treaty’s equality guarantee includes the question of participation.<sup>7</sup>

<sup>3</sup> There are various sources. One that, despite clearly holding strong opinions, acknowledges differing views, is de Silva (2024) in The Spinoff.

<sup>4</sup> For instance, a now somewhat dated authority is Sir Geoffrey Palmer in a 1989 speech.

<sup>5</sup> But keep in mind the recent Cabinet Office circular discussed below.

<sup>6</sup> Other principles are typically recognised alongside these.

<sup>7</sup> Note participation was a vital feature of the report of the 1972 Royal Commission on Social Security.

But there is powerful help available. For instance, in the health context, eminent thinker and clinician Sir Mason Durie grappled with the issue in 1994 and clarified one aspect.<sup>8</sup>

He wrote a report called *Whaiora: Māori Health Development*. One of Durie's strong views was that Māori health policy development depends on Māori's ability to define their health priorities.

He says:

*"Māori health development is essentially about Māori defining their own priorities for health and then weaving a course to realise their collective aspirations". (Durie 1994)*

Conceptually, this shifts fairness from being solely about outcomes to encompassing aspects of process.

### Government expectations are that service provision be based on need

Coalition agreements recently triggered a Cabinet Office circular<sup>9</sup> stating the Government's expectations that *"public services should be prioritised on the basis of need not race."* Such expectations apply to all public sector agencies.

The Government is concerned that *"agencies may use ethnic identity or other forms of personal identity as a proxy for need."*

The circular sets out the requirement to have empirical evidence of outcome disparities supporting an analytical case for intervention beyond general services.

It also provides high-level advice about what other policy design and implementation elements deserve close attention in such circumstances.

<sup>8</sup> This report and a survey of health equity including how it applies to Māori is discussed in Ministry of Health (2018).

<sup>9</sup> Cabinet Office (2024) Circular CO (24) 5.

### Where does this leave the policy advice analyst?

All of this adds to the complexity of the issue. It counsels against ethnic-based policy except in some instances that require careful investigation. However, there is little practical support for the analyst examining a particular policy question and looking to provide workable advice.

Indeed, it means we are still in the midst of difficult questions.<sup>10</sup>

These are challenging to boil down into straightforward analyses or single measures that are easily incorporated into the policy process and discussed in political settings.

Sometimes, the specifics of the circumstances allow simple ideas to show an equitable take on what is going on or proposed. However, this is not typical and should be seen as sheer happenstance. It is best assumed that there seem to be no simple general approaches that work.

So, there are a few easy outs and no general solutions. It's always worth checking for a particular solution driven by the circumstances in case one happens to work fortuitously for this specific issue or case. But realistically, it is unlikely.

### Equity is a matter of comparisons<sup>11</sup>

Equity here refers to treating people fairly. But what does this definition mean – is it just swapping one undefined word for another? More importantly, how can we approach it in a way that supports those who have to make decisions?

<sup>10</sup> For instance, how to assess the fairness of the income distribution. John Creedy's paper shows difficulties arise in assessing even extremely simple cases with relatively few subgroups. Obviously, any more realistic situation will be even more complex and raise very difficult questions (Creedy 2013).

<sup>11</sup> *"Equity is the situation in which everyone is treated fairly according to their needs, and no one is given special treatment."* (Cambridge Dictionary).

One fundamental property of equity as a concern is that it typically extends beyond personal circumstances – people’s worries often extend to the well-being of others (altruism).

In other words, it is a concept that describes a group’s characteristics. It is typically a matter of relativity.<sup>12</sup> How is (group) A treated compared to (group) B?

### **Fairness is a long-debated issue**

We will not survey the history of this long-discussed and complex concept in depth – though aspects of this background are shown in Table 1. But, as a taster, we note that the issue features (as equality) in the thinking of Greek Philosopher Aristotle,<sup>13</sup> who was, among other roles, Alexander the Great’s tutor. He was concerned about how people should be treated in comparison to one another. It has been a topic of discussion in ethics and politics ever since.

During this, well over 2,000 years of recorded discussion, there have been many attempts to reduce the complicated questions to simple rules or powerful statements to aid in social decisions. It seems almost as complex today as when it started.<sup>14</sup>

### **Assessing equity in the policy context**

Social problems are difficult. That’s why they often wind up on the Government’s plate.

And it’s unclear how to judge the results – typically, the upshot is reviewed in terms of multiple outcomes as restricted interventions are rare. The results can only be seen via a set of scores, perhaps in a dashboard.<sup>15</sup> Often, the result of an intervention has both ups and downs.

<sup>12</sup> Equity aspects of individual treatment mean comparison with some form of standard. ‘I’m not getting my rights.’

<sup>13</sup> See e.g. Aristotle *Nicomachean Ethics*.

<sup>14</sup> Technically, trying to compare people’s situations to assess their relative need, for instance, is about finding a way of summing up a set of different values in a single number. This is shown in the child poverty case above.

<sup>15</sup> Again, the goal here is to find a single measure to act as a summary of aspects that lie on different dimensions.

Take a simple case. We may be considering raising the tax rate to fund increased welfare payments. The simple direct impact is to increase the useable incomes of the welfare recipients and lower that of those who would pay more taxes.

### **Does this improve equity?**

This might be seen as a simple assessment with a straightforward answer. But what say the welfare payments are for a group already widely seen as more than adequately funded, while tax increases will fall heavily on the lowest income earners?

The issue becomes even more problematic when the wider questions of detail are considered: how much should the welfare payments be increased? What level should the new tax rate be set at? Should there be exceptions for individuals in challenging situations, such as those who are disabled or supporting many others?

When equity is discussed as part of policy, these details are generally included as relevant. However, they make the questions harder to address and, thus, even more difficult to advise.

### **Problems for advisors – there are still things to do**

Advisors must grapple with these unsolved questions in their decision-support role. The task is to provide relevant information that will support high-quality decisions.

One way of thinking about the political process is that it exists to solve the policy conundrums that other approaches cannot. The structure of its accountability reflects this. The regular electoral process allows citizens as a mass to reflect on the Government’s ability to address difficult questions effectively.

### **Equity is hazy**

However, how fairness is perceived typically removes any simple assessments from the advice.

Equity's key problem is that it is unlikely that a definitive assessment of an intervention decision's impact can be made. The lack of robust measuring rods means comparing possible alternative actions will be fraught or indeterminate.

This is often compounded as the data available may be lacking or fragmentary.

But, something needs to be said to give the decision-maker a basis for considering the equity aspects as part of the choice process.

### General rules – provide the decision-maker with good material

In such circumstances, we often suggest retreating to first principles. What is the basis of sound advice?

Making a sound decision involves having a logical framework to apply to a particular situation and using the right criteria to create an informed evaluation.

Generic approaches to good quality decision support stress the need to provide factual, unbiased material.<sup>16</sup> This goes beyond the content to the presentation process.

### Presenting this concept in quality advice means being creative

We don't know any all-purpose solutions. Occasionally, the logic of the specific situation might allow one action to emerge from the pack, but that is rare.

Below is a list of hints to help make your equity advice as useful as possible.

### Checklist of helpful hints

**Use what you can** – as discussed above, the specific features of the situation can sometimes be used.

Occasionally, there will be an agreed-upon definition that can overcome the usual lack of clarity.<sup>17</sup> This will give your discussion a common basis.

**Don't pretend to know** – own up to the difficulties you face. Be clear about the complexity of the concept. And about the consequence that it is hard to come to sound conclusions about the fairness implications of the options in the paper.

**Suggest a way of looking at the issue** – finding a (possibly high-level) framework that shows the links between the different approaches and a straightforward type of equity may be possible. For instance, in a specific situation, the social concern might be the treatment of a particular group, and fairness can be seen through the lens of this outcome for this group.

**Include as much useful data as possible** – factual information is powerful. In a particular case, this can range widely from opinion surveys, to how groups of citizens are affected by the various policy options. It is unlikely to be definitive, but it is all helpful background to assist the decision maker in assessing the position and deciding between options.

**Be clear about what is not being provided** – as is often the case with advice, stressing what is not being said is as important as being clear about the content.

Present the options with their attributes in a comparative table – this should allow the decision-maker to carefully make up their own mind using all the matters they see relevant.

<sup>16</sup> See Masterclass No. 51 Advocacy and Advice <https://www.nzier.org.nz/hubfs/Masterclasses/Central%20Government/Brief%2051%20Advocacy%20or%20advice.pdf>

<sup>17</sup> For instance, in the health field Health New Zealand Te Whatu Ora has a definition that is prescribed. See <https://www.tewhatuora.govt.nz/whats-happening/about-us/who-we-are/achieving-equity/#our-definition-of-equity-as-te-whatu-ora>

**Consider clever ways to offer advice** – this might include rephrasing how the options are presented. Sometimes, it is possible to say something like: “If you think fairness demands that both groups A and B are treated the same, you should favour option 3.”

**Carefully discuss the equity side in some detail** – even in complex situations, some general simplifying conclusions about who is affected and how might be drawn. These might help the decision-maker come to a conclusion.

**If you need to include a fairness comment or recommendation, it needs a full justification** – with the logic impartial and the facts impeccable.

**Overall, remember the use of this advice.** The discussion must be drafted to be appropriate for use in a public debate.

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